

JUN 18 2003

Michael N. Milby, Clerk

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

In re: ENRON CORPORATION  
SECURITIES LITIGATION

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Civil Action No. H-01-3624  
and Consolidated Cases

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This Documents Relates To

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MARK NEWBY, *et al.*, Individually and On  
Behalf of All Others Similarly Situated,

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Plaintiffs,

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v.

ENRON CORP., *et al.*,

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Defendants.

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THE REGENTS OF THE UNIVERSITY OF  
CALIFORNIA, *et al.*, Individually and On  
Behalf of All Others Similarly Situated,

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Plaintiffs,

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v.

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KENNETH L. LAY, JEFFREY K. SKILLING,  
ANDREW S. FASTOW, RICHARD A.  
CAUSEY, *et al.*

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**DEFENDANT LOU L. PAI'S ANSWER TO  
PLAINTIFFS' FIRST AMENDED CONSOLIDATED COMPLAINT**

Pursuant to Rules 7 and 8 of the Federal Rules of Civil Procedure, Defendant

Lou L. Pai ("Pai"), through his undersigned counsel, respectfully submits this Answer to

1508

Plaintiffs' First Amended Consolidated Complaint for Violation of the Securities Laws (the "Amended Complaint").

## **Responses to Allegations**

### **General Responses**

No response is required to the "Preamble" or to the headings and quotations scattered intermittently throughout the Amended Complaint that are not in numbered paragraphs. To the extent any response is required, however, all are denied. Pai further denies any allegations in the Amended Complaint to which he does not specifically respond and to which a response is required.

Many of the paragraphs of the Amended Complaint include what purport to be quotations excerpted from various documents, including filings with the Securities and Exchange Commission, Offering Memoranda, Enron press releases, media reports and analyst reports, as well as statements purportedly made during analyst conferences and analyst conference calls. Since the Amended Complaint alleges only that the quoted statements were made, in responding to such allegations, Pai does not intend to address the truth of the matters asserted in those quotations, and his answers to those allegations should not be construed as doing so. Further, Pai is unable to locate the source of some of these quotations, and is not obligated to determine whether the Amended Complaint accurately quotes from the sources, or whether, by quoting only excerpts, the Amended Complaint misrepresents the content of the sources, and his responses should not be construed as attempting to do so.

To assist him in formulating answers to matters beyond his personal knowledge or recollection, Pai, through his attorneys, has referred to publicly available “formal” or “official” statements of Enron, such as SEC filings and press releases, issued during the class period, and many of his answers are based on the contents of such documents. Pai’s answers are not intended to indicate that he had contemporaneous personal knowledge relating to matters admitted or denied.

### **Responses to Numbered Paragraphs**

Pai responds to the correspondingly numbered paragraphs of the Consolidated Amended Complaint as follows:

1. No response to paragraph 1 is required. To the extent a response is required, however, Pai admits that plaintiffs purport to bring this action as a class action against the individuals and entities named in paragraph 1, but denies that it properly may be brought as a class action on behalf of the alleged class. Pai further denies that he was one of “Enron’s top executives and directors.”

2. Pai denies the allegations in the first sentence of paragraph 2 insofar as they as they relate to him or to EES during his tenure; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this sentence. The allegations in the second and third sentences of this paragraph are vague and ambiguous; Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of these allegations, except that Pai admits that Enron maintained an investment grade credit rating during the putative Class Period. In response to the allegations in the fourth and fifth sentences, Pai admits that Enron’s common stock

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reached a price of \$90¾, that Enron had a market capitalization of over \$70 billion in August 2000, and that Enron issued new equity and debt securities during the alleged Class Period. Pai denies that he participated in any “wrongful conduct” or “scheme”, and denies the remaining allegations in these sentences.

3. In response to the allegations in paragraph 3, Pai admits that, in October and November, 2001, Enron announced a write-off of approximately \$1 billion and a reduction in shareholders' equity of approximately \$1.2 billion. Pai admits that Enron's stock price fell, its credit rating was downgraded to below investment grade, and it filed for protection under the bankruptcy laws. Pai denies the remaining allegations in this paragraph insofar as they as they relate to him or to EES during his tenure; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

4. Pai admits that the SEC and DOJ are conducting investigations relating to Enron. Pai admits that Andersen was indicted for obstruction of justice. Pai admits that certain Enron executives and certain persons affiliated with Andersen have asserted their rights against self-incrimination under the Fifth Amendment of the United States Constitution. Plaintiffs' purported chart is vague and ambiguous as to the alleged price of Enron stock on any given day; Pai therefore lacks knowledge or information sufficient to form a belief as to its truth. Pai denies the remaining allegations in this paragraph insofar as they relate to him; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

5. In response to the allegations in paragraph 5, the allegation that Enron's stock price traded at \$5-7 per share "between 85-90" is vague and ambiguous because it fails to specify with particularity the date on which Enron's stock allegedly traded at this price; Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the chart. Pai admits that Kenneth Lay served as Chairman and CEO of Enron at certain times, but lacks knowledge or information sufficient to form a belief as to the specific periods during which he served in these positions. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

6. In response to the allegations in the first sentence of paragraph 6, Pai admits that Jeffrey Skilling and Andrew Fastow became Enron executives at some point in time. Pai further admits that, during certain time periods, Enron was engaged in providing and trading wholesale energy resources and services, operating power plants and water supply facilities, providing retail energy and management services to companies, building a large broadband fiber optic communication network and trading in broadband communication access. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this sentence. The allegation that Enron's stock price rose to \$23-3/4 in "late 96" is vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of this allegation. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

7. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents. Pai lacks knowledge or information sufficient to form a belief as to the remaining allegations in paragraph 7.

8. In response to the allegations in the first sentence of paragraph 8, the allegations regarding an unspecified "British natural gas transaction" and unspecified "MTBE transactions" are vague and ambiguous, and Pai lacks knowledge or information sufficient to form a belief as to the truth of these allegations. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations relating to alleged actions by unspecified analysts. In response to the allegations in the second sentence of paragraph 8, the allegation that Enron's stock price lost 1/3 of its value by the Fall of 1997 is vague and ambiguous because it fails to specify with particularity the relevant time period. Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this sentence. In response to the remaining allegations in this paragraph, Pai denies that he was ever an Enron "top executive" or board member, and further denies the remaining allegations in this paragraph insofar as they as they relate to him. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

9. In response to the allegations in the first sentence of paragraph 9, Pai admits that there was an entity called JEDI and that JEDI was restructured at some time. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this sentence. In response to the allegations in the second sentence of this paragraph, Pai denies that he was one of "Enron's top insiders," denies

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the allegations in this sentence insofar as they relate to him, and otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this sentence. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

10. Pai admits that Andersen performed accounting services and that Vinson & Elkins performed legal services for Enron at certain times. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

11. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 11.

12. The allegations that Enron reported "better-than-expected" performance and that it presented a "very strong" balance sheet are vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to their truth. The allegation with regard to Enron's stock price is vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to its truth. Pai admits that Enron appeared to evolve into a profitable, high-growth enterprise and that it had an investment-grade credit rating. Enron's financial results from 1997 through 2001 are part of the public record, and these financial results speak for themselves as to their contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the figures in the chart and the remaining allegations in this paragraph.

13. Pai admits that Enron became one of the largest corporations in the United States and that its market capitalization and stock price increased. Pai lacks

information sufficient to form a belief as to the truth of the remaining allegations in the first two sentences in paragraph 13. Pai admits the allegations in the third sentence of paragraph 13.

14. Pai admits that Enron and certain banks that did business with Enron made public statements from time to time. In the absence of an allegation as to the speaker, date, and/or forum of the statements alleged in this paragraph, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations that such statements were made.

15. Pai admits that Enron's stock increased in price and traded at the alleged prices during the alleged time periods but lacks knowledge or information sufficient to form a belief as to the truth of plaintiffs' allegations of cause and effect in relation to Enron's stock prices. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

16. The allegation that Enron's stock price was at an "all-time high" at an unspecified time is vague and ambiguous, and Pai lacks knowledge or information sufficient to form a belief as to the truth of this allegation. Pai admits that Enron forecast strong revenue and profit growth during certain periods, that Enron had ready access to the capital markets, and that Enron raised both short-term financing and long-term capital. Pai lacks knowledge or information sufficient to form a belief as to the truth of plaintiffs' alleged causes of the increase in Enron's stock price or Enron's access to the capital markets. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.



17. Pai denies the allegations in paragraph 17 insofar as they as they relate to him or to EES during his tenure; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

18. Pai denies the allegations in paragraph 18 insofar as they as they relate to him or to EES during his tenure; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

19. Pai admits that an investment grade credit rating was important to Enron's energy trading business and to its access to the capital markets. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

20. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 20.

21. Pai admits that Enron engaged in related party transactions on certain occasions. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

22. Pai admits that Enron had a relationship with an entity called JEDI during some time period. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

23. Pai denies the allegations in the last sentence of paragraph 23 insofar as they relate to him. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

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24. Pai admits that Enron engaged in transactions with one or more entities known as “Raptors.” Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 24.

25. Pai denies that he was one of “Enron’s top insiders.” Pai denies the remaining allegations in this paragraph insofar as they as they relate to him or to EES during his tenure; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

26. Pai denies the allegations in paragraph 26 insofar as they as they relate to him or to EES during his tenure; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

27. Pai denies the allegations in paragraph 27 insofar as they as they relate to him or to EES during his tenure; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

28. Pai lacks knowledge or information sufficient to form a belief as to truth of the allegations in paragraph 28.

29. The alleged quotation is vague as to time and source, and Pai therefore lacks knowledge or information sufficient to form a belief as to its truth. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 29.

30. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the first and last sentences in this paragraph. Pai lacks knowledge

or information as to the accuracy of the quotations and therefore refers to the publications for their contents.

31. Pai denies participating in or having knowledge of the alleged “Enron scheme to defraud” or the “Enron Ponzi scheme.” Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 31.

32. Pai admits that Enron entered into transactions with LJM2. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 32.

33. Pai admits that an entity referred to as “Raptor” engaged in transactions with Enron. Pai denies that he used any “contrivances and manipulative devices to inflate Enron’s reported financial results.” Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 33.

34. Pai denies participating in or having knowledge of any “Enron scheme to keep Enron stock trading at inflated levels.” Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 34.

35. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 35.

36. Pai denies the allegations in the first sentence of this paragraph insofar as they relate to him or to EES during his tenure; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this sentence. In response to the allegations in the second sentence of this paragraph, Pai admits that Enron used “mark-to-market accounting”; however, Pai denies that he or EES during his

tenure ever misused mark-to-market accounting, and further denies that the plaintiffs' characterization of mark-to-market accounting is full and accurate. In response to the allegations in the third sentence of this paragraph, the allegation that certain accounting procedures would have to be followed if the profit on a transaction was not "truly hedged" is vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the third sentence of this paragraph. Pai denies the allegations in the fourth sentence of this paragraph. In response to the allegations in the fifth sentence of this paragraph, Pai denies that EES ever "misused and abused" mark-to-market accounting or "grossly inflate[d] its reported revenues and profits" during his tenure, and further denies the other allegations in this sentence insofar as they relate to him or to EES during his tenure; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the fifth sentence of this paragraph. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the sixth sentence of this paragraph. Pai denies the allegations in the seventh sentence of this paragraph. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the eighth sentence of this paragraph. Pai denies the allegations in the ninth sentence of this paragraph insofar as they relate to him or to EES during his tenure; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the ninth sentence of this paragraph.

37. Pai denies that he participated in or knew of "falsification of Enron's financial statements," and otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the first sentence of paragraph 37. In response

to the allegations in the second sentence, Pai denies that he participated in or knew of “accounting tricks and manipulations.” Pai admits that Enron’s wholesale energy business was the largest single contributor to Enron’s profits at certain points in time, but lacks knowledge or information sufficient to form a belief as to whether this was true on an “ongoing basis.” Pai admits that EES undertook to manage the energy needs of some corporate consumers for multi-year periods and that EES’s customers sometimes paid the amounts due under these contracts over a number of years. Pai denies that EES merely “purportedly” undertook to manage its customers’ energy needs. Pai admits that Enron stated publicly at times that it expected EES to grow. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in the second sentence. In response to the allegations in the third sentence, Pai admits that EES turned profitable in the fourth quarter of 1999, that its profitability increased in the following quarter and that it signed new contracts at various times. The allegations that Enron presented EES as achieving “tremendous success” by “constantly” signing new contracts which exceeded “Enron’s internal forecasts” are vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of these allegations.

38. Pai denies that EES was losing hundreds of millions of dollars. Pai admits that Enron entered into certain contracts that required up-front expenditures on more energy efficient equipment, that mark-to-market accounting requires that profits be recognized on a schedule different from that of cash flow, and that Enron consolidated certain of EES’s operations into the wholesale energy division. Pai admits the existence

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of correspondence from an EES employee to Kenneth Lay dated August 29, 2001, and refers to that correspondence for its contents. Pai denies the remaining allegations in paragraph 38.

39. Pai admits that Enron had a broadband services business. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 39.

40. Pai admits that Enron announced a joint venture with Blockbuster to provide video on demand. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

41. Pai admits that, at some point in time, Enron abandoned its agreement with Blockbuster to provide video on demand. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 41.

42. Pai admits that Vinson & Elkins, Andersen, CIBC and CitiGroup, directly or through affiliates, provided professional services in connection with New Power's IPO. Pai admits that New Power was a private company in early 2000 and that Enron owned a substantial number of shares in New Power Company prior to the IPO. The allegation that Enron "controlled" New Power is vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to its truth. Pai admits that the New Power IPO took place in October 2000 and 27.6 million shares were sold at a price of \$21 per share, and that a number of firms, including those named in this paragraph, provided professional services in connection with the IPO. Pai denies that he participated in the IPO because he believed Enron desperately needed to create

profits, denies involvement in or knowledge of a Ponzi scheme, and otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the fourth sentence in paragraph 42. Pai admits that New Power stock declined in value after its IPO. Plaintiffs' chart is vague and ambiguous as to the value of New Power stock on any given date, and Pai therefore lacks knowledge or information sufficient to form a belief as to the accuracy of the chart. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

43. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 43.

44. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 44.

45. The alleged quotations are vague as to time, place and forum, and Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of these allegations. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 45.

46. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 46.

47. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 47.

48. Pai admits that Enron needed access to capital because it was a rapidly growing company, that its investment grade credit rating was important, and that it was committed to enhancing shareholder value. Pai admits that there were offerings of new

debt and equity by Enron, but Pai lacks knowledge or information sufficient to form a belief as to the accuracy of plaintiffs' chart concerning the details of those offerings. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

49. Pai admits that 27.6 million shares of New Power were sold at \$21 per share in October, 2000. Pai admits that there were other Enron-related offerings of securities, but Pai lacks information sufficient to form a belief as to the accuracy of plaintiffs' chart concerning the details of those offerings. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

50. In response to the allegations in the first sentence of paragraph 50, Pai admits that Enron was focused on creating shareholder value. Pai denies that he was "fixat[ed] on the price of Enron stock" and further denies the remaining allegations in this sentence insofar as they relate to him; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this sentence. Pai admits the allegations in the second sentence of this paragraph. Pai denies the allegations in the third sentence of this paragraph insofar as they relate to him or to EES during his tenure; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the third sentence of this paragraph.

51. Pai denies that he was a "top executive" of Enron and denies the allegations in the first sentence in this paragraph insofar as they relate to him; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the



allegations in the first sentence of this paragraph. In response to the second sentence in this paragraph, Pai lacks knowledge or information sufficient to form a belief as to whether the unnamed former insiders actually made the alleged statements in this paragraph. In response to the remainder of this paragraph, Pai lacks knowledge or information as to the accuracy of the quotations and therefore refers to the publications for their contents.

52. In response to the allegations in the first two sentences of paragraph 52, Pai admits that Enron's stock price declined in late 2000 and early 2001. Pai denies that he was a "top insider" of Enron and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in these two sentences. In response to the allegations in the third sentence, Pai denies that he was one of Enron's "top executives," and denies the remaining allegations in this sentence insofar as they relate to him. Pai is otherwise without knowledge or information sufficient to form a belief as to the truth of the allegations in this sentence.

53. Pai denies the allegations in paragraph 53 insofar as they relate to him; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 53.

54. The allegations that Enron made the statements in this paragraph "during early 01" is vague and ambiguous; Pai is therefore without knowledge or information sufficient to form a belief as to the truth of this allegation or as to the accuracy of the quotations. Pai admits that Enron's annual financial statements were certified by Andersen; Pai further admits that Enron made public statements, and refers to these

statements for their contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

55. Pai denies that he was a “top insider” of Enron, and denies the allegations in paragraph 55 insofar as they relate to him; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

56. Pai denies the allegations in paragraph 56 insofar as they relate to him. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 56.

57. Pai admits that Jeffrey Skilling resigned on August 14, 2001 and that Enron made public statements regarding Skilling’s departure, and he refers to these statements for their contents. Pai denies that he was a “top Enron insider” in the summer of 2001, and denies the remaining allegations in this paragraph insofar as they relate to him. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

58. Pai denies that he was one of “Enron’s top insiders” or “top executives” in the Fall of 2001. Pai denies the remaining allegations in this paragraph insofar as they relate to him. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

59. Pai admits the existence of correspondence from two employees to Kenneth Lay and refers to the correspondence for its contents. Pai denies the remaining allegations in this paragraph insofar as these allegations relate to him or to EES during

his tenure. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

60. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 60.

61. *Pai admits that Enron announced charges to income and a reduction of shareholders' equity in October of 2001 and refers to Enron's announcements for their contents.* Pai further admits that there was media coverage of Enron and that Enron restated its financial results for 1997, 1998, 1999 and 2000, which restatements were reflected in Enron's SEC filings. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

62. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 62.

63. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 63.

64. In response to the allegations in paragraph 64, Pai denies that he was an "Enron insider" during this period of time and denies the allegations in this paragraph insofar as they relate to him. Pai admits that Enron and Dynegy engaged in negotiations in the fall of 2001. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 64.

65. Pai denies that he participated in any "Enron Ponzi scheme." Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 65.

66. Pai admits that Enron did not merge with Dynegy and that Enron filed for bankruptcy on December 2, 2001. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

67. Pai denies that he was one of “Enron’s top insiders,” and denies the allegations in paragraph 67 insofar as they relate to him. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 67.

68. Pai admits that Congress conducted an investigation, that certain Enron executives and certain persons affiliated with Andersen were asked to testify by Congress, and that some asserted their rights against self-incrimination under the Fifth Amendment of the United States Constitution. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 68.

69. In response to the allegations in paragraph 69, Pai lacks knowledge or information as to the accuracy of the quotations and therefore refers to the publications for their contents.

70. Pai denies that he was an Enron “insider” or that he participated in or had knowledge of any fraudulent scheme, manipulative devices, contrivances, misrepresentations or wrongful course of business alleged in this paragraph, and denies the remaining allegations in this paragraph insofar as they are intended to refer to him. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

71. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

72. Pai lacks knowledge or information as to the accuracy of the quotations and therefore refers to the publication for its contents.

73. Pai denies that he participated in or had knowledge of any “frenzy of fraud,” that he was one of “Enron’s top insiders” or that he received any illegal insider trading proceeds or bonuses based on phony financial results, and denies the remaining allegations in this paragraph insofar as they relate to him. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

74. Pai denies the allegations in the first sentence of paragraph 74 insofar as it relates to him. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations of this sentence. Plaintiffs’ chart does not require a response. Insofar as a response is required, Pai incorporates his responses to the specific allegations regarding the matters set forth in the chart.

75. Paragraph 75 consists of legal conclusions and does not require a response.

76. Paragraph 76 consists of legal conclusions and does not require a response.

77. The first sentence of paragraph 77 consists of legal conclusions and does not require a response. Pai admits the second sentence of paragraph 77.

78. Pai denies that he participated in or had knowledge of any of the fraudulent or unlawful acts alleged in the Amended Complaint, and therefore denies the allegations

in paragraph 78 insofar as they relate to him. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

79. Pai admits that the Court has appointed the Regents of the University of California (the "Regents") as lead plaintiff. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph

80. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 80.

81. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 81.

82. In response to the allegations in paragraph 82, Pai admits that Enron has filed for protection under the Bankruptcy Code and that plaintiffs have sought to lift the bankruptcy stay. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 82.

83. In response to the allegations in subparagraph 83(a) through (i), and (k) through (ee), Pai admits that plaintiffs have alleged the names and positions of Enron executives and/or board members, but Pai lacks information or knowledge sufficient to form a belief as to the truth of allegations relating to the exact times when such persons served in such positions. Pai lacks knowledge or information sufficient to form a belief as to the truth of plaintiffs' allegations regarding the particular positions held by each individual during a specific time period, or the other allegations in these subparagraphs. In response to the allegations in subparagraph 83(j), Pai admits that he was Chairman and Chief Executive Officer of Enron Xcelerator and that he was a director of EES at

certain times during the alleged Class Period. Pai admits that he, and in some instances his then-wife, transferred shares to Enron in approximately the amounts alleged, and that he received bonus payments for his work. Plaintiffs' chart is vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to its truth. Pai denies the remaining allegations in this subparagraph. In response to the allegations in subparagraph 83(ff), Pai admits that plaintiffs refer to the defendants collectively throughout their Amended Complaint, but Pai denies that such group pleading is appropriate. Pai denies the remaining allegations in this subparagraph. Pai lacks information or knowledge sufficient to form a belief as to the truth of the allegations in subparagraph 83(gg). In response to the allegations in subparagraph 83(hh), Pai admits that he and the other named individuals served as directors of New Power but denies the remaining allegations in this subparagraph. Pai lacks information or knowledge sufficient to form a belief as to the truth of the allegations in subparagraph 83(ii). In response to the allegations in subparagraph 83(jj), Pai admits that Baxter held various executive positions with Enron and that Baxter is deceased, but Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations relating to the precise timing of those positions or the remaining allegations in this subparagraph.

84. The first sentence in paragraph 84 consists of legal conclusions to which no response is required. Pai admits that he, in some instances with his then-wife, exercised Enron options and sold Enron shares during the period alleged, but denies that he "pocketed" proceeds in the amount alleged and refers to Forms 4 and 144, filed with the SEC, for the details of these transactions. Pai denies the remaining allegations

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in this paragraph insofar as they relate to him. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

85. Pai admits that Enron's Board of Directors had Audit, Finance and Executive Committees. Pai lacks information or knowledge sufficient to form a belief as to the truth of the remaining allegations in paragraph 85.

86. Pai has general knowledge about the composition of Enron's Board of Directors, but he does not know the exact composition of the board for each year. Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 86.

87. Pai has general knowledge about the composition of Enron's Board of Directors but does not know the exact composition of the board for each year. Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 87.

88. Pai admits that he served as a member of Enron's management committee, as Chairman and CEO of Enron Energy Services, and as Chairman and CEO of Enron Xcelerator, at times during the Class Period. Pai denies that plaintiffs have accurately characterized the dates during which he served in each of these positions, and denies that he was a "top officer" or "top executive" of Enron. Pai has general knowledge about the composition of Enron's Management Committee and the approximate times when individuals served, but he cannot confirm or deny the exact composition of the committee for each year; Pai is therefore without knowledge or information sufficient to form a belief as to the truth of these allegations. Pai denies that



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the Management Committee was aware of and approved all significant business transactions of Enron, including the partnership SPE deals alleged in the Amended Complaint, and denies that he was aware of and approved such transactions. Pai lacks information or knowledge sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

89. Pai denies the allegations in the first sentence of paragraph 89. Pai denies the remaining allegations in paragraph 89 insofar as they relate to him; Pai is otherwise without information or knowledge sufficient to form a belief as to the truth of the allegations in this paragraph.

90. Pai denies the allegations in paragraph 90 insofar as they relate to him. Pai otherwise lacks information or knowledge sufficient to form a belief as to the truth of the allegations in this paragraph.

91. Paragraph 91 does not require a response.

92. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 92.

93. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 93.

94. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 94.

95. Deleted.

96. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 96.

97. In response to the allegations in paragraph 97, Pai refers to his answers to paragraphs 897-982.

98. Pai admits that Enron retained Vinson & Elkins as its outside counsel for certain matters. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 98.

99. Deleted.

99.1 Pai lacks knowledge or information sufficient to form a belief in the truth of the allegations in paragraph 99.1.

100. Pai admits that J. P. Morgan Chase & Co. is a financial services institution that provides commercial and investment banking services, and that it provided services to Enron. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 100.

101. Pai admits that Citigroup, Inc. is a financial services institution that provides commercial and investment banking services, and that it provided services to Enron. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 101.

102. Pai admits that Credit Suisse First Boston is a financial services institution that provides commercial and investment banking services, and that it provided services to Enron. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 102.

103. Pai admits that Canadian Imperial Bank of Commerce is a financial services institution that provides commercial and investment banking services, and that it

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provided services to Enron. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 103.

104. Pai admits that Bank of America Corp. is a financial services institution that provides commercial and investment banking services, and that it provided services to Enron. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 104.

105. Pai admits that Merrill Lynch & Co. is a financial services institution that provides commercial and investment banking services, and that it provided services to Enron. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 105.

106. Pai admits that Barclays PLC is a financial services institution that provides commercial and investment banking services, and that it provided services to Enron. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 106.

107. Pai admits that Deutsche Bank A.G. is a financial services institution that provides commercial and investment banking services, and that it provided services to Enron. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 107.

108. Pai admits that Lehman Brothers Holding, Inc. is a financial services institution that provides commercial and investment banking services, and that it provided services to Enron. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 108.

109. Pai admits that in March 1998 Enron filed with the SEC a 1997 Report on Form 10-K and refers to the report for its contents.

110. Pai admits that Enron filed a Registration Statement with the SEC on April 21, 1998, and refers to the statement for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 110.

111. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 111.

112. Pai admits that Enron issued a press release on July 14, 1998, and refers to that document for its contents. The allegation that Enron reported “better than expected” results is vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to its truth. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 112.

113. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 113.

114. Pai admits that Enron issued a press release on July 24, 1998, and refers to that release for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 114.

115. Pai lacks knowledge or information sufficient to form a belief as to the accuracy of the quotation and therefore refers to the cited publication for its contents.

116. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 116.

117. Pai admits that on September 25, 1998, Enron issued a press release, and refers to that release for its contents.

118. Pai admits that on October 13, 1998, Enron issued a press release, and refers to that release for its contents. The allegation that Enron reported “better than expected” results is vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to its truth.

119. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 119.

120. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 120.

121. In response to the allegations in paragraph 121, Pai incorporates his answers to paragraphs 109-120 by reference. Insofar as Pai has not responded to the allegations in the first two sentences of paragraph 121, he denies them. Pai responds to subparagraphs 121 as follows:

(a) – (f) Pai denies the allegations in these subparagraphs insofar as they relate to him or to EES during his tenure; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in these subparagraphs.

(g) Pai denies the allegations in subparagraph (g).

(h)-(k) Pai denies the allegations in these subparagraphs insofar as they relate to him or to EES during his tenure; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in these subparagraphs.

122. Pai admits that Enron issued a press release on October 21, 1998 and refers to that release for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 122.

123. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 123.

124. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 124.

125. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 125.

126. Pai admits that Enron filed a Registration Statement on January 12, 1999, and refers to that statement for its contents. Pai denies the remaining allegations in paragraph 126 insofar as they relate to him or to EES during his tenure; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of these allegations.

127. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 127.

128. Pai admits that Enron issued a press release on January 19, 1999, and refers to that release for its contents. The allegation that Enron reported “better than expected” results is vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to its truth.

129. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 129.

130. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 130.

131. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 131.

132. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 132.

133. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 133.

134. Pai admits that Enron filed a Registration Statement on February 3, 1999, and refers to that statement for its contents. Pai denies the last sentence in paragraph 134 insofar as it is intended to refer to EES during his tenure; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this sentence.

135. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 135.

136. Pai admits that Enron issued an annual report for 1998 and that it was reviewed by Enron's counsel and accountants, and refers to that document for its contents. Pai denies the allegations in the first sentence of this paragraph insofar as it is intended to refer to him. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 136.

137. Pai admits that Enron issued an annual report for 1998, and refers to that document for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 137.

138. Pai admits that Enron issued an annual report for 1998, and refers to that document for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 138.

139. Pai admits that Enron issued an annual report for 1998, and refers to that document for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 139.

140. Pai admits that Enron issued an annual report for 1998 and that the annual report contained financial statements certified by Arthur Andersen. Pai refers to the annual report for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 140.

141. Pai admits that in March 1999, Enron filed its 1998 Report on Form 10-K with the SEC, that Enron's counsel reviewed the Report, and that the Report included financial statements certified by Enron's accountants. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

142. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 142.

143. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 143.



144. Pai admits that Enron issued a press release on April 13, 1999, and refers to that release for its contents. The allegation that Enron reported “better than expected” results is vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to its truth.

145. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 145.

146. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 146.

147. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 147.

148. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 148.

149. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 149.

150. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 150.

151. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 151.

152. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 152.

153. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 153.

154. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 154.

155. In response to the allegations in paragraph 155, Pai incorporates his answers to paragraphs 122-154 by reference. Insofar as Pai has not responded to the allegations in the first sentence of paragraph 155, he denies them. Pai further responds to the subparagraphs of paragraph 155 as follows:

(a) In response to the allegations in subparagraph (a), Pai incorporates his answers to paragraphs 418-611 by reference. Pai further denies the allegations in this subparagraph insofar as they relate to him or to EES during his tenure. Pai otherwise lacks knowledge or information sufficient to form a belief as to these allegations.

(b) – (d) Pai denies the allegations in subparagraphs (b) – (d) insofar as they relate to him or to EES during his tenure; Pai is otherwise without knowledge or information sufficient to form a belief as to these allegations.

(e) Pai denies the allegations in the last two sentences of subparagraph (e). Pai denies the remaining allegations in subparagraph (e) insofar as they relate to him or to EES during his tenure. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in subparagraph (e).

(f) – (g) Pai denies the allegations in subparagraphs (f) and (g).

(h) – (k) Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in subparagraphs (h) through (k).

(l) Pai denies the allegations in subparagraph (l) insofar as they relate to him or to EES during his tenure. Pai is otherwise without knowledge or information sufficient to form a belief as to the truth of these allegations.

(m) Pai denies that EES did not have a solid or substantial financial structure during his tenure, that its financial structure was fragile, or that he or EES during his tenure inflated the value of assets or concealed debt. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this subparagraph.

(n) Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in subparagraph (n).

(o) Pai denies the allegations in subparagraph (o) insofar as they relate to EES during his tenure. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this subparagraph.

(p) Pai denies the allegations in subparagraph (p) insofar as they relate to EES during his tenure. Pai is otherwise without knowledge or information sufficient to form a belief as to the truth of the allegations in this subparagraph.

156. Pai admits that Enron issued a press release on October 21, 1998, and refers to that release for its contents. The allegation that Enron reported “better than expected” results is vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to its truth.

157. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 157.

158. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 158.

159. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 159.

160. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

161. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 161.

162. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 162.

163. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 163.

164. Pai admits that on July 23, 1999, Enron filed a Form S-3 with the SEC, and refers to that document for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 164.

165. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 165.

166. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 166.

167. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 167.

168. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

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169. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 169.

170. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 170.

171. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 171.

172. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 172.

173. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 173.

174. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

175. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

176. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 176.

177. Pai admits that Enron issued a press release on October 12, 1999 and refers to that release for its contents. The allegation that Enron reported “better than expected” results is vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to its truth.

178. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

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179. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 179.

180. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 180.

181. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 181.

182. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 182.

183. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 183.

184. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 184.

185. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph.

186. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 186.

187. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

188. Pai admits that Enron's stock price increased in 1999, and that Enron's stock traded as high as \$43 per share in November 1999. The allegation that Enron reported "strong" results in 1998 and in the first three quarters of 1999 is vague and ambiguous; Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of this allegation. The allegations about Enron's stock price in December 1998

and August 1999 are vague and ambiguous because plaintiffs allege a single price or a narrow range of prices for an entire month; Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of these allegations. Pai denies that he sold any stock between October 1998 and December 1999 and denies that he pocketed any illegal insider trading proceeds. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

189. In response to the allegations in paragraph 189, Pai admits that Enron's stock reached \$34-7/8 on November 23, 1999. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 189.

190. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 190.

191. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 191.

192. Pai admits that Enron issued a press release on December 2, 1999 and refers to that release for its contents.

193. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 193.

194. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 194.

195. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 195.

196. Pai admits that Enron issued a press release on January 18, 2000 and refers to that release for its contents. The allegation that Enron reported "better than

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expected” results is vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to its truth.

197. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the first sentence of paragraph 197. In response to the allegations in the second sentence, Pai assumes that the plaintiffs intend to refer to the Enron Analyst Conference that took place on January 20, 2000. Pai admits that Skilling appeared at that conference, but lacks knowledge or information as to the specific statements that Skilling made at the conference. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

198. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 198.

199. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 199.

200. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 200.

201. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 201.

202. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

203. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 203.

204. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 204.



205. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 205.

206. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 206.

207. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 207.

208. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 208.

209. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 209.

210. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 210.

211. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 211.

212. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the first sentence of this paragraph. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

213. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 213.

214. In response to the allegations in paragraph 214, Pai incorporates his answers to paragraphs 156-213 by reference. Insofar as Pai has not responded to the

allegations in the first sentence of paragraph 214, he denies them. Pai further responds to the subparagraphs of paragraph 214 as follows:

(a) Pai incorporates his answers to paragraphs 418-611 by reference. Pai further denies the allegations in this subparagraph insofar as they relate to him or to EES during his tenure. Pai otherwise lacks knowledge or information sufficient to form a belief as to these allegations.

(b) – (d) Pai denies the allegations in subparagraphs (b) – (d) insofar as they relate to him or to EES during his tenure; Pai otherwise lacks knowledge or information sufficient to form a belief as to these allegations.

(e) Pai denies the allegations in subparagraph (e) insofar as they relate to him or to EES during his tenure. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in subparagraph (e).

(f) Pai denies the allegations in subparagraph (f).

(g) Pai admits that EES forecast savings on its customers' energy needs; that it sometimes spent money to purchase more energy-efficient equipment; and that it used mark-to-market accounting. Pai denies the remaining allegations in the first section of subparagraph (g).

(i) In response to the first sentence of subparagraph (i), Pai admits that at times EES targeted both residential and commercial/industrial customers and denies the remaining allegations. In response to the second sentence, Pai admits that EES's customers included large companies and denies the remaining allegations. In response to the third sentence, Pai denies that EES faced insurmountable hurdles. In response to the fourth sentence, Pai admits that

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contracts contained some individualized features and denies the remaining allegations. Pai denies the allegations in the fifth sentence. In response to the sixth sentence, Pai admits that some contracts required EES to incur capital expenditures to upgrade the customer's facilities but denies the remaining allegations.

(ii) Pai admits that EES entered into demand-side management contracts pursuant to which it supplied its customers with energy-related commodities and equipment, along with management and consulting services related to the customer's power usage. Pai denies that EES provided equipment "as a commodity." Pai admits that EES's customers included large companies. Pai denies the allegations in the second sentence of this subparagraph. Pai admits that EES sometimes used mark-to-market accounting. The allegation that EES pulled the revenues from each contract into the single quarter when the contract was signed is vague and ambiguous and Pai therefore lacks knowledge or information sufficient to admit or deny it. Pai denies that EES had to close increasingly higher revenue-producing DSM transactions to show growth in EES's revenues and profits, denies that he ever used or heard others use the phrase "feeding the monster," and lacks knowledge or information sufficient to form a belief as to whether others ever used that phrase.

(iii) Pai denies the allegations in subparagraph (g)(iii).

(h) – (m) Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in subparagraphs (h) through (m).

(n) - (p)      Pai denies the allegations in subparagraphs (n) through (p) insofar as they relate to EES during his tenure. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of these allegations.

(q)      Pai denies that the forecasts for revenue and earnings growth for Enron's retail energy operations were false, denies that the historical financial performance and condition of the retail energy operations had been falsified, and denies the remaining allegations of this subparagraph insofar as they relate to EES during his tenure. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this subparagraph.

(r)      Pai denies the allegations of this subparagraph insofar as they relate to EES during his tenure. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this subparagraph.

215.      Pai admits that Enron issued a 1999 Annual Report and refers to that document for its contents. Pai denies the allegations in the second sentence insofar as they relate to him; Pai lacks knowledge or information sufficient to form a belief as to the truth of these allegations insofar as they relate to other defendants.

216.      Pai admits that Enron issued a 1999 Annual Report and refers to that document for its contents.

217.      Pai admits that Enron issued a 1999 Annual Report and refers to that document for its contents.

218.      Pai admits that Enron issued a 1999 Annual Report and refers to that document for its contents.

219. Pai admits that Enron issued a 1999 Annual Report and refers to that document for its contents. Pai further admits that Andersen certified Enron's financial statements.

220. Pai admits that Enron issued a 1999 Annual Report and refers to that document for its contents.

221. Pai admits that Enron filed with the SEC a 1999 Report on Form 10-K and refers to that document for its contents. Pai further admits that Andersen certified Enron's financial statements. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

222. Pai admits that Enron's stock reached the price of \$73 per share in late January 2000 and \$78 per share in March 2000. The allegations that Enron reported "better-than-expected" results and that its investor analyst conference was its "most bullish conference ever" are vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to their truth. Pai denies that he sold any stock to take advantage of an allegedly artificially inflated price, and denies that he pocketed illegal insider trading proceeds. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations concerning the number of shares, price, and total proceeds of sales of other defendants and the circumstances surrounding their transactions. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

223. Pai admits that Enron issued a press release on April 12, 2000 and

refers to that release for its contents. The allegation that Enron reported “better than expected” results is vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to its truth.

224. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 224.

225. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

226. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 226.

227. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 227.

228. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

229. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 229.

230. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 230.

231. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 231.

232. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 232.

233. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 233.

234. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 234.

235. Pai admits that Enron's stock traded as high as \$78-7/8 on May 17, 2000. Pai denies that he sold any Enron stock to take advantage of any alleged artificial inflation, and denies that he pocketed insider trading proceeds. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 235.

236. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 236.

237. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 237.

238. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 238.

239. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 239.

240. Pai admits that Enron issued a press release on July 19, 2000 and refers to that release for its contents.

241. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 241.

242. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 242.

243. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 243.

244. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 244.

245. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

246. Pai admits that Enron issued a press release on July 24, 2000 and refers to that release for its contents. The allegation that Enron reported “better than expected” results is vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to its truth.

247. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 247.

248. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 248.

249. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 249.

250. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 250.

251. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 251.

252. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 252.

253. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 253.



254. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 254.

255. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 255.

256. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 256.

257. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 257.

258. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 258.

259. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 259.

260. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 260.

261. Pai admits that Enron's stock price reached its peak of \$90-3/4 per share on August 23, 2000. Pai denies that he sold any Enron stock between July 11 and September 28, 2000 and denies that he pocketed any illegal insider trading proceeds. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

262. Pai admits that Enron issued a press release on October 17, 2000 and refers to that release for its contents. The allegation that Enron reported "better than expected" results is vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to its truth.

263. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 263.

264. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 264.

265. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 265.

266. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 266.

267. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 267.

268. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 268.

269. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 269.

270. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 270.

271. Pai denies that he made or was aware of any false and misleading statements about Enron. Pai admits that Enron's stock traded at \$83-3/16 in mid-November 2000 and at \$75-9/16 on November 22, 2000. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

272. Pai admits that Enron issued a press release on November 24, 2000 and refers to that release for its contents.

273. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

274. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 274.

275. Pai admits that Enron issued a press release on December 13, 2000 stating that Jeffrey Skilling was succeeding Kenneth Lay as Enron's CEO, and refers to that release for its contents.

276. Pai admits that Enron issued a press release on December 18, 2000 and refers to that release for its contents.

277. The allegations that New Power's stock had fallen dramatically and was trading for below \$10 per share is vague and ambiguous because plaintiffs have failed to allege with particularity the relevant time period; Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of these allegations. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

278. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 278.

279. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

280. Pai admits that Enron's stock traded for \$84-1/16 per share on January 2, 2001 and \$66-1/16 on January 17, 2001. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 280.

281. Pai admits that Enron issued a press release on January 22, 2001 and refers to that release for its contents. The allegation that Enron reported “better than expected” results is vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to its truth.

282. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the first sentence in paragraph 282. Pai admits that Enron held an analyst conference on January 25, 2001 in Houston and that Skilling appeared at the conference. Pai lacks knowledge or information as to the specific statements Skilling made at the conference, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 282.

283. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 283.

284. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 284.

285. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 285.

286. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 286.

287. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 287.

288. Pai admits that Enron stock traded at \$66-1/6 on January 17, 2001 and \$82-3/32 on February 5, 2001. The allegations of “better-than-expected” results, “very positive statements and assurances,” and a “huge surge in Enron stock” are vague and

ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of those allegations. Pai denies that he participated in any “Enron Ponzi scheme.” Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

289. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

290. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 290.

291. Pai admits that Enron issued a press release on February 26, 2001 and refers to that release for its contents.

292. Pai admits that Enron filed a 2000 report on Form 10-K and refers to that document for its contents. Pai admits that the report contained Andersen’s certification of Enron’s financial statements. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

293. Pai admits that Enron issued its 2000 Annual Report in 2001. Pai denies the remaining allegations in the first sentence of paragraph 293 insofar as they relate to him; Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in the first sentence of this paragraph. In response to the second sentence in paragraph 293 and the quotation, Pai refers to the Annual Report for its contents.

294. Pai admits that Enron issued its 2000 Annual Report in 2001 and refers to the Annual Report for its contents.

295. Pai admits that Enron issued an Annual Report in 2001 and refers to the Annual Report for its contents. Pai further admits that Andersen audited and certified Enron's financial statements.

296. Pai admits that Enron issued its 2000 Annual Report in 2001 and refers to the Annual Report for its contents.

297. Pai admits that Enron issued its 2000 Annual Report in 2001 and refers to the Annual Report for its contents.

298. Pai admits that Enron issued its 2000 Annual Report in 2001 and refers to the Annual Report for its contents.

299. Pai admits that Enron's stock reached a price as high as \$82-3/32 on February 5, 2001. The allegation that Enron's results were "better than expected" is vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of that allegation. Pai denies that he sold any Enron stock during the period January 1 through March 2, 2001 or that he pocketed any illegal insider trading proceeds. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 299.

300. In response to the allegations in paragraph 300, Pai incorporates his answers to paragraphs 215-299 by reference. Insofar as Pai has not responded to the allegations in the first sentence of paragraph 300, he denies them. Pai further responds to the subparagraphs of paragraph 300 as follows:

(a) Pai incorporates his answers to paragraphs 418-611 by reference. Pai further denies the allegations in this subparagraph insofar as they relate to him or to

EES during his tenure. Pai otherwise lacks knowledge or information sufficient to form a belief as to these allegations.

(b) – (d) Pai denies the allegations in subparagraphs (b) – (d) insofar as they relate to him or to EES during his tenure; Pai is otherwise without knowledge or information sufficient to form a belief as to these allegations.

(e) Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in subparagraph (e).

(f) Pai denies the allegations in subparagraph (f).

(g) Pai admits that EES forecast savings on its customers' energy needs; that it sometimes spent money to purchase more energy-efficient equipment; and that it used mark-to-market accounting. Pai denies the remaining allegations in the first section of subparagraph (g).

(i) In response to the first sentence of subparagraph (i), Pai admits that EES initially targeted both residential and commercial/industrial customers and denies the remaining allegations. In response to the second sentence, Pai admits that EES's customers included large companies and denies the remaining allegations. In response to the third sentence, Pai denies that EES faced insurmountable hurdles. In response to the fourth sentence, Pai admits that contracts contained some individualized features and denies the remaining allegations. Pai denies the allegations in the fifth sentence. In response to the sixth sentence, Pai admits that some contracts required EES to incur capital expenditures to upgrade the customer's facilities but denies the remaining allegations.

(ii) Pai admits that EES entered into demand-side management contracts pursuant to which it supplied its customers with energy-related commodities and equipment, along with management and consulting services related to the customer's power usage. Pai denies that EES provided equipment "as a commodity." Pai admits that EES's customers included large companies. Pai denies the allegations in the second sentence of this subparagraph. Pai admits that EES sometimes used mark-to-market accounting. The allegation that EES pulled the revenues from each contract into the single quarter when the contract was signed is vague and ambiguous and Pai therefore lacks knowledge or information sufficient to admit or deny it. Pai denies that EES had to close increasingly higher revenue-producing DSM transactions to show growth in EES's revenues and profits, denies that he ever used or heard others use the phrase "feeding the monster," and lacks knowledge or information sufficient to form a belief as to whether others ever used that phrase.

(iii) Pai denies the allegations in subparagraph (g)(iii).

(iv) In response to the first, third, fourth, fifth and seventh sentences of this subparagraph, Pai admits that EES entered into a contract with Eli Lilly in 2001 and refers to the contract for its terms. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the second sentence. In response to the sixth sentence, Pai admits that the Lilly contract would be profitable for EES without consideration of the likelihood of extensions or renewals of the contract provided that the net present value of the revenue received over the contract term exceeded the net present value of the



expenditures required to fulfill the contract. In response to the eighth sentence, Pai admits that the contract was beneficial to Lilly and otherwise refers to the contract for its terms. Pai admits that Enron announced the total revenues EES projected it would receive from Lilly from the contract but denies the remaining allegations in the last sentence.

(h) – (o)      Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in subparagraphs (h) through (o).

(p) - (q)      Pai denies the allegations in subparagraphs (p) through (q) insofar as they relate to EES during his tenure. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of these allegations.

(r)      Pai denies that the forecasts for revenue and earnings growth for Enron's retail energy operations were false, denies that the historical financial performance and condition of the retail energy operations had been falsified, and denies the remaining allegations of this subparagraph insofar as they relate to EES during his tenure. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this subparagraph.

(s)      Pai denies the allegations of this subparagraph insofar as they relate to EES during his tenure. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this subparagraph.

301.      Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents. Pai lacks knowledge or information sufficient to form a belief about the truth of the remaining allegations in this paragraph.

302. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 302.

303. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 303.

304. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 304.

305. Pai admits the Enron's stock traded at \$51-33/64 on March 22, 2001. Pai denies the remaining allegations in this paragraph insofar as they relate to him; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 305.

306. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 306.

307. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

308. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 308.

309. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 309.

310. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 310.

311. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 311.

312. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 312.

313. Pai admits that Enron's stock traded at \$51-33/64 on March 22, 2001. Pai denies the remaining allegations in this paragraph insofar as they relate to him; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 313.

314. The allegations in paragraph 314 are vague as to time, forum, and speaker. Pai is therefore without knowledge or information sufficient to form a belief as to the truth of the allegations.

315. Pai admits that Enron issued a press release on April 3, 2001, and refers to that release for its contents.

316. Pai admits that Enron issued a press release on April 17, 2001 and refers to that release for its contents. The allegation that Enron reported "better than expected" results is vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to its truth.

317. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 317.

318. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 318.

319. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 319.

320. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 320.

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321. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 321.

322. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 322.

323. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 323.

324. Pai admits that Enron's stock price traded as high as \$64-3/4 in April 2001, that it traded as high as \$57-13/16 on May 8, 2001, and that it traded as low as \$52 on May 17, 2001 and \$48-7/16 on May 9, 2001. Pai denies the remaining allegations in paragraph 325 insofar as they relate to him; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

325. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 325.

326. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 326.

327. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 327.

328. Pai admits that Enron issued a press release on July 12, 2001 and refers to that release for its contents. The allegation that Enron reported "better-than-expected" performance is vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of this allegation.

329. Pai lacks knowledge or information sufficient to form a belief as to

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the truth of the allegations in paragraph 329.

330. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

331. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 331.

332. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 332.

333. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 333.

334. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 334.

335. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 335.

336. Pai denies that Enron filed a Form S-3 with the SEC on July 18, 2001. Because the Amended Complaint is inaccurate as to the date of the SEC filing to which it refers, Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 336.

337. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

338. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 338.

339. In response to the allegations in paragraph 339, Pai incorporates his answers to paragraphs 302-338 by reference. Insofar as Pai has not responded to the

allegations in the first sentence of paragraph 339, he denies them. Pai further responds to the subparagraphs of paragraph 300 as follows:

(a) Pai incorporates his answers to paragraphs 418-611 by reference. Pai further denies the allegations in this subparagraph insofar as they relate to him or to EES during his tenure. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of these allegations.

(b) – (d) Pai denies the allegations in subparagraphs (b) – (d) insofar as they relate to him or to EES during his tenure; Pai otherwise lacks knowledge or information sufficient to form a belief as to these allegations.

(e) Pai denies the allegations in subparagraph (e) insofar as they relate to him or to EES during his tenure. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in subparagraph (e).

(f) Pai denies the allegations in subparagraph (f).

(g) Pai admits that EES forecast savings on its customers' energy needs; that it sometimes spent money to purchase more energy-efficient equipment; and that it used mark-to-market accounting. Pai denies the remaining allegations in the first section of subparagraph (g).

(i) In response to the first sentence of subparagraph (i), Pai admits that EES initially targeted both residential and commercial/industrial customers and denies the remaining allegations. In response to the second sentence, Pai admits that EES's customers included large companies and denies the remaining allegations. In response to the third sentence, Pai denies that EES faced insurmountable hurdles. In response to the fourth sentence, Pai admits that

contracts contained some individualized features and denies the remaining allegations. Pai denies the allegations in the fifth sentence. In response to the sixth sentence, Pai admits that some contracts required EES to incur capital expenditures to upgrade the customer's facilities but denies the remaining allegations.

(ii) Pai admits that EES entered into demand-side management contracts pursuant to which it supplied its customers with energy-related commodities and equipment, along with management and consulting services related to the customer's power usage. Pai denies that EES provided equipment "as a commodity." Pai admits that EES's customers included large companies. Pai denies the allegations in the second sentence of this subparagraph. Pai admits that EES sometimes used mark-to-market accounting. The allegation that EES pulled the revenues from each contract into the single quarter when the contract was signed is vague and ambiguous and Pai therefore lacks knowledge or information sufficient to admit or deny it. Pai denies that EES had to close increasingly higher revenue-producing DSM transactions to show growth in EES's revenues and profits, denies that he ever used or heard others use the phrase "feeding the monster," and lacks knowledge or information sufficient to form a belief as to whether others ever used that phrase.

(iii) Pai denies the allegations in subparagraph (g)(iii).

(iv) In response to the first, third, fourth, fifth and seventh sentences of this subparagraph, Pai admits that EES entered into a contract with Eli Lilly in 2001 and refers to the contract for its terms. Pai lacks knowledge or information

sufficient to form a belief as to the truth of the allegations in the second sentence. In response to the sixth sentence, Pai admits that the Lilly contract would be profitable for EES without consideration of the likelihood of extensions or renewals of the contract provided that the net present value of the revenues received over the contract term exceeded the net present value of the expenditures required to fulfill the contract. In response to the eighth sentence, Pai admits that the contract was beneficial to Lilly and otherwise refers to the contract for its terms. Pai admits that Enron announced the total revenues EES projected it would receive from Lilly from the contract but denies the remaining allegations in the last sentence.

(h) – (o)      Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in subparagraphs (h) through (o).

(p) - (q)      Pai denies the allegations in subparagraphs (p) through (q) insofar as they relate to EES during his tenure. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of these allegations.

(r)      Pai denies that the forecasts for revenue and earnings growth for Enron's retail energy operations were false, denies that the historical financial performance and condition of the retail energy operations had been falsified, and denies the remaining allegations of this subparagraph insofar as they relate to EES during his tenure. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this subparagraph.



(s) Pai denies the allegations of this subparagraph insofar as they relate to EES during his tenure. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this subparagraph.

340. Pai admits the existence of correspondence to Kenneth Lay from an employee and refers to that correspondence for its contents. Pai lacks information sufficient to form a belief as to the truth of the remaining allegations in paragraph 340.

341. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 341.

342. Pai admits that Enron's stock price was lower in July 2001 than in May 2001. Pai admits that Enron's stock traded at \$42 on August 9, 2001 and at \$37-17/64 on August 29, 2001. Pai denies that he was one of "Enron's top insiders" or that he "knew the end was at hand." Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 342.

343. Pai admits that Enron issued a press release on August 14, 2001 concerning Skilling's resignation and refers to that release for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 343.

344. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 344.

345. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 345.

346. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 346.

347. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 347.

348. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 348.

349. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 349.

350. Pai admits that Enron's stock traded at \$43-13/64 at some point in time on August 14, 2001 and \$36-7/8 at some point in time on August 15, 2001. Pai lacks knowledge as to the timing of the announcement and of the alleged prices, and therefore lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 350.

351. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 351.

352. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 352.

353. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 353.

354. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 354.

355. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 355.

356. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

357. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 357.

358. Pai admits the existence of correspondence from an EES employee to Kenneth Lay and refers to that correspondence for its contents. Pai denies the remaining allegations in this paragraph.

359. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 359.

360. Pai denies the allegations in paragraph 360 insofar as they relate to him; Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 360.

361. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 361.

362. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 362.

363. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 363.

364. Pai admits that Enron issued a press release on October 16, 2001 and refers to that release for its contents.

365. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 365.

366. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 366.

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367. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents. Pai lacks knowledge or information sufficient to form a belief about the truth of the other allegations in this paragraph.

368. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 368.

369. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 369.

370. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 370.

371. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 371.

372. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 372.

373. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 373.

374. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 374.

375. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 375.

376. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 376.

377. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 377.

378. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 378.

379. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 379.

380. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 380.

381. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 381.

382. Pai admits that Enron issued a press release on October 25, 2001 and refers to that release for its contents.

383. Pai admits that Enron issued a press release on November 1, 2001 and refers to that release for its contents.

384. Pai admits that Enron restated its financial results in a Form 8K filed with the SEC on November 8, 2002 and refers to that document for its contents. Pai lacks knowledge or information sufficient to form a belief as to the accuracy of plaintiffs' chart.

385. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 385.

386. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 386.

387. Pai denies the allegations in paragraph 387 insofar as they relate to him. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 387.

388. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 388.

389. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 389.

390. In response to the allegation in paragraph 390, Pai incorporates his responses to paragraphs 364 through 388. Pai admits that Enron filed bankruptcy on December 2, 2001. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 390.

391. Pai admits that Enron's publicly traded debt was downgraded, that Enron filed bankruptcy on December 2, 2001, and that Enron's stock price declined significantly. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

392. Pai admits that Congress has undertaken an investigation of Enron and that a number of Enron executives and Andersen partners have invoked their Fifth Amendment rights against self-incrimination. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

393. Pai denies that he perpetrated or had knowledge of a scheme to defraud Enron investors, and denies the remaining allegations in this paragraph insofar as they relate to him. Pai otherwise lacks information or knowledge sufficient to form a belief as to the truth of the allegations in paragraph 393.

394. Pai denies the allegations in paragraph 394 insofar as they relate to him. Pai otherwise lacks information or knowledge sufficient to form a belief as to the truth of the allegations in this paragraph.

395. Pai denies allegations in paragraph 395 insofar as they relate to him or to EES during his tenure. Pai otherwise lacks information or knowledge sufficient to form a belief as to the truth of the allegations in this paragraph.

396. Pai denies the allegations of this paragraph insofar as they relate to him. Pai otherwise lacks information or knowledge sufficient to form a belief as to the truth of the allegations in this paragraph.

397. Pai denies that he was a “top executive” of Enron, that he had “daily contact” with other Executive Committee members while running Enron as a “hands-on” manager, that he dealt with each of the issues specified in the second sentence of paragraph 397, and that he controlled or possessed the power to control the contents of Enron’s filings, reports and releases. Pai denies the remaining allegations of this paragraph insofar as they relate to him. Pai otherwise lacks information or knowledge sufficient to form a belief as to the truth of the allegations in this paragraph.

398. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 398.

399. Pai denies the allegations of this paragraph insofar as they relate to him. Pai otherwise lacks information or knowledge sufficient to form a belief as to the truth of the allegations in this paragraph.

400. Pai denies the allegations of this paragraph insofar as they relate to him. Pai otherwise lacks information or knowledge sufficient to form a belief as to the truth of the allegations in this paragraph.

401. Pai admits that he, in some instances with his then-wife, sold Enron shares in approximately the number alleged, the gross proceeds of which were

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approximately the amount alleged. Pai denies the remaining allegations of this paragraph insofar as they relate to him. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations.

402. Pai admits that he, in some instances with his then-wife, had holdings and sold shares in approximately the amounts alleged in or before June, 2001. Pai further admits that he filed a Form 4 with the SEC for June, 2001 on July 6, 2001, and refers to the Form 4 for its contents. Pai denies the remaining allegations of this paragraph insofar as they relate to him. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

403. Plaintiffs' chart is vague and ambiguous and purports to characterize the sales of a group of unspecified individuals, and Pai is therefore without knowledge or information sufficient to form a belief as to its accuracy. Pai denies the remaining allegations in this paragraph insofar as they relate to him. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

404. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 404.

405. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 405.

406. Pai admits that plaintiffs purport to incorporate the contents of Dr. Hakala's declaration into their Amended Complaint and that Dr. Hakala's declaration includes a purported curriculum vitae, but Pai denies that Dr. Hakala's declaration constitutes a "written instrument" that may be attached to or incorporated in a complaint. Pai denies



that Dr. Hakala is qualified to render an expert opinion in this case, and further denies that Dr. Hakala's opinions are reliable, accurate, or admissible in this case. Pai lacks knowledge or information sufficient to form a belief as to the truth of plaintiffs' alleged reason for hiring Dr. Hakala. Pai denies the remaining allegations in this paragraph.

407. Pai denies that Dr. Hakala's declaration constitutes a "written instrument" that may be attached to or incorporated in a complaint. Pai denies that Dr. Hakala is qualified to render an expert opinion in this case, and further denies that Dr. Hakala's opinions are reliable, accurate, or admissible in this case. Pai therefore denies the allegations in paragraph 407.

408. Pai admits that stock options may be valuable rights under certain circumstances. Pai denies the remaining allegations in this paragraph.

409. Pai denies the allegations in paragraph 409.

410. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

411. Pai denies the allegations in paragraph 411.

412. Pai denies the allegations in paragraph 412.

413. Pai denies that Dr. Hakala's declaration constitutes a "written instrument" that may be attached to or incorporated in a complaint. Pai denies that Dr. Hakala is qualified to render an expert opinion in this case, and further denies that Dr. Hakala's opinions are reliable, accurate, or admissible in this case. Pai denies that he traded based on inside information, and denies the remaining allegations in paragraph 413.

414. Pai denies that Dr. Hakala's declaration constitutes a "written instrument" that may be attached to or incorporated into a complaint. Pai denies that Dr. Hakala is

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qualified to render an expert opinion in this case, and further denies that Dr. Hakala's opinions are reliable, accurate, or admissible in this case. Pai therefore denies the allegations in paragraph 414.

415. Pai denies that Dr. Hakala's declaration constitutes a "written instrument" that may be attached to or incorporated into a complaint. Pai denies that Dr. Hakala is qualified to render an expert opinion in this case, and further denies that Dr. Hakala's opinions are reliable, accurate, or admissible in this case. Pai therefore denies the allegations in this paragraph, and specifically denies that he traded Enron stock based on material adverse non-public information.

416. Pai admits that he, in some instances with his then-wife, sold Enron shares in approximately the amounts alleged. Pai lacks knowledge or information sufficient to form a belief as to the truth of the alleged sales by other defendants.

417. Pai admits that plaintiffs have made allegations relating to the scienter of other defendants in other sections of their Amended Complaint. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations relating to scienter of other defendants and the remaining allegations in paragraph 417.

418. Pai denies the allegations in this paragraph insofar as they relate to him. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

419. Pai admits that Enron has restated its financial results. The plaintiffs' charts are vague and ambiguous and Pai is therefore without knowledge or information sufficient to form a belief as to their accuracy. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 419.

420. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 420.

421. Pai admits that Enron's restatement of its financial results for the years 1997 through 2000 affected its debt to equity and earnings to fixed charges ratios for those years. Plaintiffs provide no source for the figures alleged in paragraph 421, and Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

422. Pai denies the allegations in the first two sentences of this paragraph insofar as they relate to him. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the first two sentences of this paragraph. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

423. Pai denies that mark-to-market accounting was abused at EES during his tenure. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph. Plaintiffs' chart is vague and ambiguous and Pai is therefore without knowledge or information sufficient to form a belief as to its accuracy.

424. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the first two sentences of paragraph 419. Enron's reported financial results are in the public domain and Pai refers to those documents for their contents.

425. Pai admits that Enron included certain financial figures and results in some press releases and SEC filings, Registration Statements, and Prospectuses.

Plaintiffs fail to identify specific 10-Qs, 10-Ks, Registration Statements and Prospectuses, and the remaining allegations in paragraph 425 are therefore vague and ambiguous. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

426. Pai denies that mark-to-market accounting was abused or manipulated at EES during his tenure, and denies that he was aware of any false and misleading financial information, information that was not prepared in conformity with GAAP or SEC rules, representations that were not a fair presentation of Enron's operations and financial position, mischaracterizations or false or inadequate disclosures of financial data. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

427. Paragraph 427 consists of statements of law which do not require a response.

428. Paragraph 428 consists of statements of law which do not require a response.

429. Pai denies the allegations in paragraph 429 insofar as they relate to him, and otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 429.

430. Paragraph 430 asserts matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph or the accuracy of the quotation and refers to the publication for its contents..

431. Paragraph 431 asserts matters of accounting opinion as to which

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no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

432. Paragraph 432 asserts matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

433. Much of this paragraph, including, for example, the first sentence, the fourth sentence and footnote 9, assert matters of accounting opinion as to which no response is required. Pai denies the remaining allegations in this paragraph insofar as they relate to him; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

434. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the first sentence of paragraph 434. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

435. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 435.

436. Pai admits that Enron at some time established an entity called JEDI and that JEDI was restructured at some time. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 436.

437. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 437.

438. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 438.

439. Pai denies the allegations in the first sentence of this paragraph insofar as they pertain to him. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph .

440. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 440.

441. Pai denies that he knew or was aware of discussions of any problems with equity in Chewco; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the first sentence of paragraph 441. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

442. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 442.

443. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 443.

444. The second sentence in paragraph 444 asserts matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the second sentence of this paragraph. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegation in this paragraph.

445. Pai lacks knowledge or information sufficient to form a belief as to the allegations in the first three sentences of paragraph 445. The remainder of paragraph 445 asserts matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or information

sufficient to form a belief as to the truth of the remaining allegations in this paragraph. Pai further lacks knowledge as to the accuracy of the quotation and refers to the publication for its contents.

446. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 446.

447. Pai admits that, in Enron's restatement, it consolidated Chewco and JEDI beginning in November 1997, and that its restatement resulted in the recording of losses and debts in the amounts alleged. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 447.

448. Pai admits the existence of an entity or entities referred to as LJM. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 448.

449. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 449.

450. Pai admits that Enron's restatement resulted in the reduction of earnings by \$95 million for 1999 and \$8 million for 2000, and the reduction of assets by \$222 million for 1999. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 450.

451. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 451.

452. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 452.

453. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 453.

454. The fifth sentence of paragraph 454 asserts matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this sentence. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

455. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 455.

456. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 456.

457. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 457.

458. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 458.

459. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 459.

460. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 460.

461. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 461.

462. The eighth sentence of paragraph 46 asserts matters of accounting



opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this sentence. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

463. Pai denies the allegations in the last sentence of this paragraph insofar as they relate to him; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 463.

464. Pai admits that that Enron reported a reduction to shareholders' equity of \$1.2 billion in the third quarter of 2001 and that it reported a net income write-off of \$544 million as one component of the net income write-off for the quarter. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

465. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 465.

466. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 466.

467. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 467.

468. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 468.

469. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 469.

470. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 470.

471. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 471.

472. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 472.

473. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 473.

474. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 474.

475. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 475.

476. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 476.

477. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 477.

478. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 478.

479. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 479.

480. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 480.

481. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 481.

482. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 482.

483. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 483.

484. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 484.

485. Pai admits that the New Power IPO took place in October, 2000 and that the value of New Power stock decreased after the IPO. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 485.

486. Pai admits that the IPO of New Power took place, that after the IPO the stock price fell below the offering price, and that New Power traded below \$10 per share during certain periods in November, 2000. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

487. Pai admits that New Power engaged in various activities, including power delivery, that Enron, through a subsidiary, was one of the entities involved in the formation of New Power, and denies the remaining allegations in the first sentence of this paragraph. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

488. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 488.

489. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 489.

490. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 490.

491. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 491.

492. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 492.

493. The last sentence in this paragraph before the quotation, and the quotation, assert matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of these allegations. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 493.

494. Pai admits that in its November 8, 2001 Form 8-K Enron announced a reduction in shareholders' equity for the third quarter of 2001, and refers to the Form 8-K for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 494.

495. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 495.

496. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 496.

497. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 497.

498. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 498.

499. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 499.

500. Pai denies the allegations in the first two sentences of this paragraph insofar as they relate to him; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of these allegations. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 500.

501. Paragraph 501 asserts matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

502. The first sentence of paragraph 502 asserts matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this sentence. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

503. The first sentence of paragraph 503 asserts matters of accounting opinion to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this sentence. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

504. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 504.

505. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 505.

506. Pai denies the allegations in paragraph 506 insofar as they relate to him; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

507. Paragraph 507 asserts matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

508. Paragraph 508 asserts conclusions of law to which no response is required.

509. Paragraph 509 asserts matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

510. Pai denies the allegations in the first sentence of this paragraph insofar as they relate to him; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of these allegations. Pai admits that Enron filed Forms 10-K for 1997, 1998 and 2000 and refers to those documents for their contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

511. The first two sentence in paragraph 511 are statements of accounting opinion that do not require a response; insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the allegations in the first two

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sentences. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 511.

512. Pai admits that Enron filed proxy statements in 2000 and 2001 and refers to the statements for their contents. Pai lacks knowledge sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

513. Pai admits that Enron filed Forms 10Q for the second and third quarters of 1999 and a Form 10K for 1999, and refers to those documents for their contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

514. Pai admits that Enron filed a Form 10-Q for the second quarter of 2000, and refers to that document for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

515. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the first two sentences in this paragraph. In response to the third and fourth sentences of this paragraph, Pai admits that Enron filed Forms 10-Q in the first three quarters of 1999 and refers to those documents for their contents.

516. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 516.

517. The allegations concerning Enron's "admissions" are vague and ambiguous as to date, speaker, and forum, and Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of these allegations. The last two sentences in paragraph 517 and the quotation assert matters of accounting opinion to which no response is required. Insofar as a response is required, Pai lacks knowledge

or information sufficient to form a belief as to the truth of the allegations in these sentences. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

518. The second, third and fourth sentences in paragraph 518 assert matters of accounting opinion to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in these sentences. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

519. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 519.

520. Pai denies the allegations in paragraph 520 insofar as they relate to him. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 520.

521. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 521.

522. Pai denies the allegations in paragraph 522 insofar as they relate to him. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 522.

523. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 523.

524. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 524.



525. Paragraph 525 asserts matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

526. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 526.

527. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 527.

528. Pai admits that Enron engaged in transactions involving fiber. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

529. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 529.

530. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

531. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 531.

532. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 532.

533. Pai denies the allegations in paragraph 533 insofar as they relate to EES during his tenure. Pai lacks knowledge or information sufficient to form a belief as to the truth of these allegations insofar as they relate to other defendants.

534. The term “conventional accounting” is vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of the

allegations in the first sentence. Pai admits that, in some circumstances, under mark-to-market accounting, revenue to be received under a long-term contract (discounted to present value) may be recognized up front but denies the remaining allegations in the second sentence. The third and fifth sentences assert matters of accounting opinion and do not require a response. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the third sentences and denies the allegation in the fifth sentence. Pai admits that Enron used mark-to market accounting in some circumstances, but otherwise denies the allegations in the fourth sentence of paragraph 534. Pai denies the allegations in the sixth sentence in paragraph 534 insofar as they relate to EES during his tenure, and otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this sentence.

535. In response to the allegations in the first sentence of paragraph 535, Pai admits that Enron used mark-to-market accounting for portions of certain of EES's DSM contracts, but denies that Enron stretched mark-to-market past the limit or applied it inappropriately at EES during his tenure. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the first sentence. In response to the second sentence, Pai admits that DSM contracts bundled various energy-related products and services to customers, including providing power and equipment, and management and consulting services related to a customer's usage of power, but denies the remaining allegations in the second sentence. Pai admits that mark to market accounting is appropriate under certain circumstances for long term contracts, such as where the resulting revenue is predictable, admits that straight

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commodity transactions such as oil and gas are an example, denies that a historical record of similar transactions is required, denies that mark to market accounting was not appropriately applied to EES's DSM contracts and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegation in the third sentence. Pai denies the fourth, fifth and sixth sentences in paragraph 535 insofar as they relate to EES during his tenure, and otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in these sentences.

536. Pai denies the allegations in the first four sentences of paragraph 536 insofar as they relate to him or to EES during his tenure, and otherwise lacks knowledge or information sufficient to form a belief as to the truth of these allegations. In response to the fifth and sixth sentences of paragraph 536, because Plaintiffs have not identified the speakers, the date of the alleged statements or any other details concerning them, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in these sentences.

537. Pai denies the first, second, eighth, and eleventh sentences in paragraph 537 insofar as they relate to EES during his tenure; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in these sentences. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

538. Pai admits that in mark-to-market accounting the recognition of revenue does not correspond to and may precede the receipt of cash, denies that mark-to-market "created" attractive earnings for EES, and otherwise denies the allegations in the first sentence of paragraph 538. In response to the second sentence, Pai admits that

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some contracts provided for cash outlays to customers; however, the allegation that there were “net cash outflows” is vague as to time and Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of this allegation. In response to the third and fourth sentences of paragraph 538, Pai admits that Enron monetized one or more EES contracts but denies the remaining allegations insofar as they relate to him or to EES during his tenure. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph insofar as they relate to other defendants or to parts of Enron other than EES.

539. Pai denies the allegations in paragraph 539 insofar as they relate to him or to EES during his tenure; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

540. Pai admits that EES entered into a contract with Eli Lilly and that Kenneth Lay was a member of Eli Lilly's board. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 540.

541. In response to the first sentence in paragraph 541, Pai admits that Enron issued a press release on February 26, 2001 announcing a contract between EES and Eli Lilly and refers to the press release for its contents. In response to the second sentence, Pai denies that Enron knew that it would “lose money” on the deal, denies that Enron improperly failed to disclose anything regarding the contract, and refers to the contract for its terms. In response to the remaining allegations in paragraph 541, Pai refers to the contract for its terms.

542. In response to the allegations in the first sentence of paragraph 542,

Pai denies that he or to his knowledge anyone else at Enron “knew that the Lilly deal would actually lose money.” Pai lacks knowledge of how Enron treated this contract for accounting purposes and therefore lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in the first sentence. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 542.

543. Pai denies the allegations in the first sentence of paragraph 543. \ The allegations in the second, third and fourth sentences of paragraph 543 Pai are vague as to time and customer, and Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of these allegations. Pai denies these allegations, however, insofar as they relate to EES during his tenure.

544. Pai denies knowledge of an entity known as “ESS” and assumes plaintiffs intend to refer to EES. Pai denies that any EES contract was a significant loss from the outset, was known at its inception to cost Enron millions in losses, or was expected to lose money at the time it closed. Pai lacks knowledge or information sufficient to form a belief as to Enron’s ultimate accounting treatment of the EES contracts referenced in paragraph 544 and therefore lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in the first sentence in paragraph 544. Pai denies that EES entered into a contract with Owens Illinois in the fourth quarter of 1999 and therefore denies the remaining allegations in the second sentence of paragraph 544. Pai denies the allegations in the third and fourth sentences in paragraph 544

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insofar as they relate to him or to EES during his tenure; Pai otherwise lacks knowledge or information sufficient to form a belief about the truth of these allegations.

545. Pai denies the allegations in paragraph 545.

546. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 546.

547. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 547.

548. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 548.

549. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 549.

550. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

551. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 551.

552. Paragraph 552 asserts matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

553. Paragraph 553 asserts matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

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554. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 554.

555. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 555.

556. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 556.

557. In response to the first two sentences of paragraph 557, Pai admits that EES entered into a contract to provide energy and service to Quaker Oats and refers to the contract for its contents. In response to the third sentence, Pai admits that EES marked to market parts of contracts, as approved by Andersen, but lacks knowledge sufficient to form a belief as to the truth of the remaining allegations in this sentence. Pai lacks knowledge or information to form a belief as to the truth of the remaining allegations in this paragraph.

558. Pai denies the allegations in paragraph 558 insofar as they relate to him. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph .

559. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

560. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 560.

561. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 561.

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562. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 562.

563. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 563.

564. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the first sentence of paragraph 564. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

565. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 565.

566. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 566.

567. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the first three sentences of paragraph 567. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

568. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 568.

569. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 569.

570. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.



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571. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 571.

572. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 572.

573. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 573.

574. Paragraph 574 asserts matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

575. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 575.

576. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 576.

577. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 577.

578. Paragraph 578 asserts matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

579. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 579.

580. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 580.

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581. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 581.

582. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 582.

583. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 583.

584. Paragraph 584 asserts matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or *information sufficient to form a belief as to the truth of the allegations in this paragraph.*

585. Paragraph 585 asserts matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

586. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 586.

587. Pai denies the allegations in paragraph 587 insofar as they relate to him. Pai otherwise lacks knowledge or information sufficient to form a belief about the truth of these allegations.

588. Pai admits that Enron issued a press release on October 16, 2001 and refers to that release for its contents.

589. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 589.

590. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 590.

591. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 591.

592. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 592.

593. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 593.

594. Pai denies the allegations in paragraph 594 insofar as they relate to him. Pai otherwise lacks knowledge or information sufficient to form a belief about the truth of these allegations insofar as they relate to other defendants.

595. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 595.

596. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 596.

597. In response to the allegations in paragraph 597, Pai incorporates his responses to paragraphs 485-88. Pai admits that the stock price of New Power declined in value after the IPO, denies the remaining allegations of this paragraph insofar as they relate to him, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

598. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 598.

599. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 599.

600. Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

601. Pai denies the allegations in the second sentence insofar as they relate to him. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 601.

602. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 602.

603. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 603.

604. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 604.

605. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 605.

606. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 606.

607. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 607.

608. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 608.

609. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 609.

610. Paragraph 610 asserts matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai denies that he caused

Enron to present its financial results in a manner that violated GAAP as alleged, and otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 610.

611. Pai denies the allegations in paragraph 611 insofar as they relate to him. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

612. Plaintiffs have purported to recite, in chart form, facts concerning a number of Enron registration statements, and Pai refers to those registration statements for their contents.

613. In response to paragraph 613 in its entirety, insofar as it alleges that documents filed with the SEC made certain statements or incorporated certain other filings, Pai refers to those documents for their contents. In response to the first sentence in paragraph 613, Pai denies that he caused Enron offering documents to be false and misleading or to contain false statements, admits that Enron has restated its financial results for 1997-2000, and otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations. In response to the second through sixth sentences, Pai incorporates his responses to paragraphs 418-611, admits that Enron has restated its financial results for 1997-2000 and that the restatement was based in part on the determination that Enron should have consolidated the financial activities of JEDI and Chewco beginning in November 1997, and otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations. Pai denies the allegations in the last sentence of this paragraph. Insofar as Pai has not

responded to any of the allegations in this paragraph, he lacks knowledge or information sufficient to form a belief as to their truth.

614. Insofar as the first sentence of paragraph 614 alleges that documents filed with the SEC incorporated certain other filings and reported certain facts, Pai refers to those documents for their contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 614.

615. Insofar as the first, second and fourth sentences in paragraph 615 allege that documents filed with the SEC incorporated certain other filings, Pai refers to those documents for their contents. In further response to the first four sentences, Pai incorporates his responses to paragraphs 418-611, admits that Enron has restated its financial results for 1997-2000 and that the restatement arose from Enron's determination that it should have consolidated the financial activities of certain entities at various times during those periods, and otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations. Pai denies the allegations in the last sentence of this paragraph.

616. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 616.

617. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 617.

618. Pai admits that Enron filed a registration statement with the SEC on June 1, 2001, and refers to that document for its contents. The reference in the last sentence of the paragraph to unspecified Enron offering documents is vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of

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the allegations in the sentence. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

619. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 619.

620. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 620.

621. Pai denies the last sentence in paragraph 621 insofar as it relates to him, and otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this sentence. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 621.

622. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 622.

623. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 623.

624. Pai denies the allegations in the third sentence of this paragraph insofar as they relate to him; Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of these allegations. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

625. In response to the first sentence in paragraph 625 and the quotation, Pai cannot identify offering documents Enron filed on July 18, 2001 and therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations. In response to the last sentence, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in that sentence.

626. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 626.

627. The reference in the first sentence of paragraph 627 to unspecified Enron offering documents is vague and ambiguous. Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 627.

628. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 628.

629. In response to the first sentence of paragraph 629, the quotation and the sentence following the quotation, Pai cannot identify offering documents Enron filed on July 18, 2001 and therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations. In response to the last sentence, Pai admits that Enron filed a 2000 10-K and refers to that document for its contents.

630. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 630.

631. Pai admits that Enron filed a Form 10-K for 1999 and refers to that document for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 631.

632. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 632.

633. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 633.

634. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 634.



635. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 635.

636. In response to the allegations in paragraph 636, Pai admits that Enron filed a Form10-K for 2000, and refers to that document for its contents.

637. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 637.

638. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 638.

639. Pai denies the allegations in paragraph 639 insofar as they refer to him. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 639.

640. The allegations in the first sentence are vague and ambiguous because plaintiffs have failed to allege the specific offering documents, Forms 10-Q and 10-K, and statements in them that allegedly were incorporated; Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of this allegation. In response to the second and third sentences, Pai admits that Enron filed a Form10-Q for the first quarter of 2001, and refers to that document for its contents. Pai denies the allegations in the last sentence of this paragraph.

641. Pai admits that Enron filed Forms 10-K for 1999 and 2000 and refers to those documents for their contents. In response to the third sentence in paragraph 641, Pai incorporates his responses to paragraphs 418-611. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

641.1 Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.1.

641.2 Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.2.

641.3 Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.3.

641.4 Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.4.

641.5 Pai lacks knowledge or information as to the contents of this Offering Memorandum and therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.5.

641.6 Pai lacks knowledge or information as to the contents of this Offering Memorandum and therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.6.

641.7 Pai lacks knowledge or information sufficient to form a belief about the truth of the allegations in paragraph 641.7.

641.8 Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.8.

641.9 Pai lacks knowledge or information as to the contents of this Offering Memorandum and therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.9.

641.10 Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.10.

641.11        Pai lacks knowledge or information as to the contents of this Offering Memorandum and therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.11.

641.12        Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.12.

641.13        Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.13.

641.14        Pai lacks knowledge or information as to the contents of this Offering Memorandum and therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.14.

641.15        Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.15.

641.16        Pai lacks knowledge or information as to the contents of this Offering Memorandum and therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.16.

641.17        Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.17.

641.18        Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.18.

641.19        Pai lacks knowledge or information as to the contents of this Offering Memorandum and therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.19.

641.20        Pai lacks knowledge or information as to the contents of this

Offering Memorandum and therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.20.

641.21        Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.21.

641.22        Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.22.

641.23        Pai lacks knowledge or information as to the contents of this Offering Memorandum and therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.23.

641.24        Pai lacks knowledge or information as to the contents of this Offering Memorandum and therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.24.

641.25        Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.25.

641.26        Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 61.26.

641.27        Pai lacks knowledge or information as to the contents of this Offering Memorandum and therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.27.

641.28        Pai lacks knowledge or information as to the contents of this Offering Memorandum and therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.28.

641.29        Pai lacks knowledge or information sufficient to form a belief as

to the truth of the allegations in paragraph 641.29.

641.30      Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.30.

641.31      Pai lacks knowledge or information as to the contents of this Offering Memorandum and therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.31.

641.32      Pai lacks knowledge or information as to the contents of this Offering Memorandum and therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.32.

641.33      Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.33.

641.34      Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.34.

641.35      Pai lacks knowledge or information as to the contents of this Offering Memorandum and therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.35.

641.36      Pai lacks knowledge or information as to the contents of this Offering Memorandum and therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.36.

641.37      Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.37.

641.38      Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.38.

641.39        Pai lacks knowledge or information as to the contents of this Offering Memorandum and therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.39.

641.40        Pai lacks knowledge or information as to the contents of this Offering Memorandum and therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.40.

641.41        Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.41.

641.42        Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.42.

641.43        Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.43.

641.44        Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 641.44.

642.    The allegations in paragraphs 642-799 relate to the bank defendants and do not relate to Pai; Pai therefore is not required to respond to the allegations in these paragraphs. Insofar as a response to paragraph 642 is required, Pai lacks knowledge or information as to the accuracy of the quotations and therefore refers to the cited decisions for their contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 642.

643.    Insofar as a response is required, Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 643.

643. Insofar as a response is required, Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents. Insofar as a response is required, Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

645. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 646.

647. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 647.

648. Insofar as a response is required, Pai lacks knowledge or information as to the accuracy of the quotations and therefore refers to the publications for their contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 648.

649. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 649.

650. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 650.

651. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 651.

652. Insofar as a response is required, Pai admits that JP Morgan was a financial services enterprise that provided commercial and investment banking services,

among others, and that it provided services to Enron. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 652.

653. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 653.

654. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 654.

655. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 655.

656. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 656.

657. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 657.

658. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 658.

659. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 659.

660. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 660.

661. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 661.

662. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 662.



663. Insofar as a response is required, Pai admits that JP Morgan issued analysts' reports on Enron from time to time but lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 663.

664. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 664.

665. Insofar as a response is required, Pai lacks knowledge or information as to the accuracy of the quotation and refers to the cited decision for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

666. Insofar as a response is required, Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

667. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 667.

668. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 668.

669. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 669.

670. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 670.

671. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 671.

672. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 672.

673. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 673.

674. Insofar as a response is required, Pai admits that CitiGroup is a financial services enterprise that provided commercial and investment banking services, among others, and that it provided services to Enron. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 674.

675. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 675.

676. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 676.

677. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 677.

678. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 678.

679. Insofar as a response is required, Pai admits that in October 2000 New Power had an IPO of 27.6 million shares at \$21 per share, that CitiGroup provided underwriting services in connection with that IPO, and that Enron continued to hold shares and warrants of New Power in approximately the amounts alleged after the IPO. Pai denies that the prospectus was false and misleading. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

680. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 680.

681. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 681.

682. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 682.

683. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 683.

684. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 684.

685. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 685.

686. Insofar as a response is required, Pai admits that CitiGroup issued analysts' reports on Enron from time to time, but lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 686.

687. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 687.

688. Insofar as a response is required, Pai admits that Enron filed bankruptcy but lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 688.

689. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 689.

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690. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 690.

691. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 691.

692. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 692.

693. Insofar as a response is required, Pai admits that CS First Boston is a financial services enterprise that provided commercial and investment banking services, among others, and that it provided services to Enron. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 693.

694. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 694.

695. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 695.

696. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 696.

697. Insofar as a response is required, Pai admits that in October 2000 New Power had an IPO of 27.6 million shares at \$21 per share, and that CS First Boston provided underwriting services in connection with that IPO. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

698. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 698.

699. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 699.

700. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 700.

701. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 701.

702. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 702.

703. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 703.

704. Insofar as a response is required, Pai admits that CS First Boston issued analysts' reports on Enron from time to time, but lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 704.

705. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 705.

706. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 706.

707. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 707.

708. Insofar as a response is required, Pai admits that Enron sometimes monetized its interests in assets but lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

709. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

710. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 710.

711. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 711.

712. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 712.

713. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 713.

714. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 714.

715. Insofar as a response is required, Pai admits that CIBC is a financial institution that provided commercial and investment banking services, and that it provided services to Enron. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 715.

716. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 716.

717. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 717.

718. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 718.

719. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 719.

720. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 720.

721. Insofar as a response is required, Pai admits that in October 2000 New Power had an IPO of 27.6 million shares at \$21 per share, and that CIBC provided underwriting services in connection with that IPO. Pai denies that Enron owned 80 million shares of New Power after the IPO. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

722. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 722.

723. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 723.

724. Insofar as a response is required, Pai admits that CIBC issued analysts' reports on Enron from time to time, but lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 724.

725. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 725.

726. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 726.

727. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 727.

728. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 728.

729. In response to the allegations in paragraph 729, Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 729.

730. Insofar as a response is required, Pai admits that Enron stock reached its all time high of \$90-3/4 in August 2000. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

731. Insofar as a response is required, Pai admits that Vinson & Elkins, Andersen, CIBC, CSFB, and CitiGroup, directly or through affiliates, provided professional services in connection with New Power's IPO. Pai admits that New Power was a private company in early 2000 and that Enron owned a significant number of shares in New Power Company prior to the IPO. The allegation that Enron "controlled" New Power is vague and ambiguous, and Pai therefore lacks knowledge or information sufficient to form a belief as to its truth. Pai admits that the New Power IPO took place in October 2000 and 27.6 million shares were sold at a price of \$21 per share. Pai admits that New Power stock declined in value after its IPO; however, plaintiffs' chart is vague and ambiguous as to the value of New Power stock on any given date, and Pai is therefore without knowledge or information sufficient to form a belief as to the accuracy



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of the chart. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

732. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 732.

733. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 733.

734. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 734.

735. Insofar as a response is required, Pai admits that Merrill Lynch is a financial services firm and that it provided services to Enron. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 735.

736. Insofar as a response is required, Pai admits that Beth Tilney was at some time a Managing Director of Enron and was involved in some of EES' operations, but denies that she was intimately involved in all of EES's operations. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 736.

737. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 737.

738. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 738.

739. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 739.

740. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 740.

741. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 741.

742. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 742.

742.1 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 742.1.

742.2 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 742.2.

742.3 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 742.3.

742.4 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 742.4.

742.5 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 742.5.

742.6 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 742.6.

742.7 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 742.7.

742.8 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 742.8.

742.9 Insofar as a response is required, Pai lacks knowledge or information

sufficient to form a belief as to the truth of the allegations in paragraph 742.9.

742.10 The sixth sentence of paragraph 742.10 asserts matters of accounting opinion to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

742.11 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 742.11.

742.12 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 742.12.

742.13 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 742.13.

742.14 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 742.14.

742.15 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 742.15.

742.16 Insofar as a response is required, Pai admits that J. Clifford Baxter was employed by Enron or a related entity and that Baxter committed suicide. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 742.16.

742.17 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 742.17.

742.18 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 742.18.

742.19 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 742.19.

742.20 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 742.20.

742.21 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 742.21.

742.22. Insofar as a response is required, the allegation that Enron's stock Price increased at least 27% is vague as to the dates alleged and Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of the allegation. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 742.22.

743. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 743.

744. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 744.

745. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 745.

746. Insofar as a response is required, Pai admits that Merrill Lynch issued securities analysts' reports on Enron from time to time but lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 746.

747. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 747.

748. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 748.

749. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 749.

750. Insofar as a response is required, Pai admits that Barclays is a financial services firm and that it provided services to Enron, but lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 750.

751. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 751.

752. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 752.

753. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 753.

754. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 754.

755. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 755.

756. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 756.

757. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 757.

758. Insofar as a response is required, Pai denies the allegations in the first sentence in paragraph 758 to the extent that they refer to him. Pai lacks knowledge or

information sufficient to form a belief as to the truth of the remaining allegations in paragraph 758.

759. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 759.

760. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 760.

761. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 761.

762. Insofar as a response is required, Pai admits that Lehman Brothers is a financial services firm and that it provided services to Enron, but lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 762.

763. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 763.

764. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 764.

765. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 765.

766. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 766.

767. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 767.

768. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 768.

769. Insofar as a response is required, Pai admits that Lehman Brothers issued analysts' reports on Enron from time to time, but lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 769.

770. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 770.

770.1 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 770.1.

770.2 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 770.2.

771. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 771.

772. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 772.

773. Insofar as a response is required, Pai admits that Bank [of] America is a financial services enterprise and that it provided services to Enron. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 773.

774. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 774.

775. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 775.

776. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 776.

777. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 777.

778. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 778.

779. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 779.

780. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 780.

781. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 781.

782. Insofar as a response is required, Pai admits that Bank [of] America issued analysts' reports from time to time, but lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 782.

783. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 783.

784. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 784.

785. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 785.

786. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 786.



787. Insofar as a response is required, Pai admits that Deutsche Bank is a financial services enterprise and that it provided services to Enron. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 787.

788. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 788.

789. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 789.

790. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 790.

791. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 791.

792. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 792.

793. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 793.

794. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 794.

795. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 795.

796. Insofar as a response is required, Pai admits that Deutsche Bank issued analysts' reports on Enron from time to time, but lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 796.

797. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 797.

797.1 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 797.1.

797.2 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 797.2.

797.3 Insofar as a response is required, Pai refers to the Joint Committee Report for its contents.

797.4 Insofar as a response is required, Pai refers to the Joint Committee Report for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 797.4.

797.5 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 797.5.

797.6 Insofar as a response is required, the alleged quote is vague as to time and forum, and Pai therefore lacks knowledge or information as to the truth of the allegation. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 797.6.

797.7 Insofar as a response is required, Pai lacks knowledge or information as to the accuracy of the quotation from *The Washington Post* and refers to that publication for its contents. Pai further refers to the Joint Committee Report for its contents. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 797.7.

797.8 Insofar as a response is required, Pai lacks knowledge or information

as to the accuracy of the quotation and refers to the publication for its contents.

797.9 Insofar as a response is required, Pai refers to the bankruptcy examiner's second interim report for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 797.9.

797.10 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 797.10.

797.11 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 797.11.

797.12 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 797.12.

797.13 Insofar as a response is required, Pai lacks knowledge or information as to the accuracy of the quotation and refers to the publication for its contents.

797.14 Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 797.14.

797.15 Insofar as a response is required, Pai lacks knowledge or information as to the accuracy of the quotation and refers to the publication for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 797.15.

797.16        Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 797.16.

797.17        Insofar as a response is required, Pai refers to the Joint Committee Report for its contents.

797.18        Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 797.18.

797.19        Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 797.19.

797.20        Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 797.20.

797.21        Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 797.21.

797.22        Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 797.22.

797.23        Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 797.23.

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797.24        Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 797.24.

797.25        Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 797.25.

797.26        Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 797.26.

797.27        Insofar as a response is required, Pai refers to the Joint Committee Report for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 797.27.

797.28        Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 797.28.

797.29        Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 797.29.

797.30        Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 797.30.

797.31        Insofar as a response is required, Pai lacks knowledge or

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information sufficient to form a belief as to the truth of the allegations in paragraph 797.31.

797.32        Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 797.32.

798.    Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 798.

799.    Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 799.

800.    The allegations in paragraphs 800-856 relate to Vinson & Elkins and do not relate to Pai; Pai therefore is not required to respond to the allegations in these paragraphs. Insofar as a response to paragraph 800 is required, Pai lacks knowledge or information as to the accuracy of the quotations in paragraph 800 and therefore refers to the publications for their contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 800.

801.    Insofar as a response is required, Pai admits that Vinson & Elkins is a law firm that rendered legal services to Enron but lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 801.

802.    Insofar as a response is required, Pai admits that Vinson & Elkins is a law firm that rendered legal services for Enron but lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 802.

803.    Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 803.

804. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 804.

805. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 805.

806. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 806.

807. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 807.

808. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 808.

809. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 809.

810. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 810.

811. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 811.

812. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 812.

813. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 813.

814. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 814.

815. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 815.

816. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 816.

817. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 817.

818. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 818.

819. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 819.

820. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 820.

821. Insofar as a response is required, Pai admits that Vinson & Elkins provided legal services in connection with the New Power IPO. Pai further admits that New Power was a private company in early 2000 and that Enron owned a substantial number of shares in New Power before the IPO. Pai admits that the New Power IPO took place in October 2000 and 27.6 million shares were sold at a price of \$21 per share. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

822. Insofar as a response is required, Pai responds that the allegation concerning Enron's stock price is vague and ambiguous as to time and Pai therefore lacks knowledge or information sufficient to form a belief as to the truth of these



allegations. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 822.

823. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 823.

824. Insofar as a response is required, Pai admits that Vinson & Elkins generally was involved in Enron's SEC filings. With respect to Vinson & Elkins's involvement in any specific filing, Pai refers to each filing for its contents. Regarding the incorporation by reference of Forms 10-K and 10-Q into Prospectus and Registration Statements for Enron security offerings, Pai refers to the Prospectus and Registration Statements for their contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 824.

825. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 825.

826. Insofar as a response is required, Pai admits that Vinson and Elkins was generally involved in Enron's SEC filings. With respect to Vinson & Elkins's involvement in any specific filing, Pai refers to each filing for its contents. Pai further admits that Enron filed Forms 10-K for the years 1997 through 2000 and refers to those documents for their contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 826.

827. Insofar as a response is required, Pai admits that Enron filed Forms 10-Q on May 15, 2001 and August 14, 2001, and refers to those documents for their contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

828. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 828.

829. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 829.

830. Insofar as a response is required, Pai is without knowledge sufficient to form a belief as to the truth of the allegations in the first sentence of paragraph 830. Pai refers to the Powers Report for its contents.

831. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 831.

832. Insofar as a response is required, Pai admits that Enron filed a Form 10-Q on August 16, 1999, and refers to that document for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 832.

833. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 833.

834. Insofar as a response is required, Pai admits that Enron filed a Form 10-Q on August 14, 2001, and refers to that document for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 834.

835. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 835.

836. Insofar as a response is required, Pai admits that Enron filed Forms 10-Q on August 16, 1999 and November 15, 1999 and refers to those documents for their

contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 836.

837. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 837.

838. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 838.

839. Insofar as a response is required, Pai admits that Enron filed a Form 10-Q on August 14, 2000 and refers to that document for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 839.

840. Insofar as a response is required, Pai admits that Enron filed a Form 10-Q on November 14, 2000 and refers to that document for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 840.

841. Insofar as a response is required, Pai admits that Enron filed a Form 10-Q on April 2, 2001 and refers to that document for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 841.

842. Insofar as a response is required, Pai admits that Enron filed Forms 10-Q on May 15 and August 14, 2001 and a proxy on March 27, 2001 and refers to those documents for their contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 842.

843. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 843.

844. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 844.

845. Insofar as a response is required, Pai admits that Enron filed a Form 10-Q on March 30, 2000, a Form 10-K on April 2, 2001, and a proxy on March 27, 2001 and refers to those documents for their contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 845.

846. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 846.

847. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 847.

848. Insofar as a response is required, Pai cannot identify a proxy filed on May 1 or May 2, 2000 and is therefore without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 848.

849. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 849.

850. Insofar as a response is required, Pai admits the existence of correspondence from Sherron Watkins to Kenneth Lay and refers to that correspondence for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 850.

851. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 851.

852. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 852.

853. Insofar as a response is required, Pai admits the existence of correspondence from an EES employee to Kenneth Lay dated August 29, 2001, and refers to that correspondence for its contents. Pai denies the remaining allegations in this paragraph.

854. Insofar as a response is required, Pai denies the allegations in this paragraph to the extent that they relate to EES during his tenure. Pai otherwise lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

855. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 855.

856. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 856.

857-896. Deleted from Amended Complaint.

897. The allegations in paragraphs 897-982 relate to Arthur Andersen and do not relate to Pai; Pai therefore is not required to respond to the allegations in these paragraphs. Insofar as a response to paragraph 897 is required, Pai incorporates his responses to paragraphs 418-611. Pai admits that Andersen performed a variety of professional services for Enron, including auditing its financial statements. Pai further admits that Andersen examined and certified Enron's financial statements for 1997, 1998, 1999, and 2000. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

898. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the last sentence of this paragraph. The remainder of paragraph 898 asserts principles and conclusions of law to which no response is required. Pai refers to the cited decision for its contents.

899. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 899.

900. Insofar as a response is required, Pai refers to the quoted publication for its contents.

901. Paragraph 901 asserts matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

902. Paragraph 902 asserts matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

903. In response to the allegations of paragraph 903, Pai refers to Enron's 2000 financial statements for their contents.

904. In response to the allegations of paragraph 904, Pai refers to Enron's 1997, 1998 and 1999 financial statements for their contents.

905. Insofar as a response is required, Pai admits that Andersen performed reviews of Enron's quarterly financial statements and reviewed and approved Enron's quarterly reports filed on Forms 10-Q. Pai incorporates by reference his responses to paragraphs 418-611, and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

906. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 906.

907. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 907.

908. Paragraph 908 asserts matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

909. Insofar as a response is required, Pai incorporates its responses to paragraphs 962-969, and otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 909.

910. Insofar as a response is required, Pai denies the allegations in the third sentence of paragraph 910 insofar as they relate to him. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

911. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 911.

912. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 912.

913. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 913.

914. Insofar as a response is required, Pai denies the allegations in the fourth sentence of paragraph 914 insofar as they relate to him. Pai lacks knowledge or

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information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

915. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 915.

916. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 916.

917. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 917.

918. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 918.

919. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 919.

920. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 920.

921. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 921.

922. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 922.

923. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 923.

924. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 924.



925. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 925.

926. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 926.

927. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 927.

928. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 928.

929. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 929.

930. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 930.

931. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 931.

932. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 932.

933. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 933.

934. Insofar as a response is required, Pai lacks information or knowledge sufficient to form a belief as to the truth of the allegations in paragraph 934.

935. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 935.

936. Insofar as a response is required, Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

937. Insofar as a response is required, Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the report for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

938. Insofar as a response is required, Pai admits that Anderson was aware of and did not require revision of EES's use of mark to market accounting, but denies that such use was abusive. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 938.

939. Insofar as a response is required, Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

940. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 940.

941. Insofar as a response is required, Pai denies the allegations in this paragraph insofar as they relate to him. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

942. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 942.

943. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the first sentence in paragraph 943. The remainder of paragraph 943 asserts matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

944. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 944.

945. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 945.

946. Insofar as a response is required, Pai incorporates his responses to paragraphs 435-447. Pai further responds that he lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 946.

947. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 947.

948. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 948.

949. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 949.

950. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 950.

951. Insofar as a response is required, Pai incorporates his responses to paragraphs 445-46 and 477-84. Pai lacks knowledge or information as to the accuracy

of the quotation and therefore refers to the publication for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

952. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 952.

953. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 953.

954. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 954.

955. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 955.

956. Insofar as a response is required, Pai admits that Enron has restated its financial statements for 1997 through 2000. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 957.

957. Paragraph 957 asserts matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

958. Paragraph 958 asserts matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph.

959. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 959.

960. Insofar as a response is required, Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents.

961. Insofar as a response is required, Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents. Pai lacks knowledge or information sufficient to form a belief as to the remaining allegations in paragraph 961.

962. Insofar as a response is required, Pai admits that Anderson was indicted for obstruction of justice and refers to the indictment for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 962.

963. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 963.

964. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 964.

965. Insofar as a response is required, Pai lacks knowledge or information as to the accuracy of the quotation and therefore refers to the publication for its contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

966. Insofar as a response is required, Pai lacks information or knowledge sufficient to form a belief as to the truth of the allegations in paragraph 966.

967. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 967.

968. Pai, and refers to the bylaws of the AICPA for their contents. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph.

969. The first sentence of paragraph 969 asserts matters of accounting opinion as to which no response is required. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the first sentence of this paragraph. Pai lacks knowledge or information sufficient to form a belief as to the remaining allegations in paragraph 969.

970. Subparagraphs (a) through (j) of paragraph 970 state matters of accounting opinion and require no response. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 970.

971. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 971.

972. Insofar as a response is required, Pai refers to Federal Election Commission Advisory Opinion No. 2000-36 for its contents.

973. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 973.

974. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 974.

975. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 975.

976. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 976.

977. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 977.

978. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 978.

979. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 979.

980. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 980.

981. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 981.

982. Insofar as a response is required, Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 982.

983. Pai admits that Enron's securities were listed on the NYSE, that Enron filed periodic public reports with the SEC, that Enron held analyst conferences and conference calls and issued press releases, and that Enron was followed by several securities analysts who wrote reports. The allegation that the market for Enron's publicly traded securities was an efficient market is a legal conclusion to which Pai need not respond. In any event, Pai lacks knowledge or information sufficient to form a belief as to the truth of that allegation and the remaining allegations in paragraph 983.

984. Pai denies the allegations in paragraph 984.

985. Pai denies the allegations in paragraph 985.

986. Pai admits that plaintiffs purport to bring a class action as alleged in this paragraph, but Pai denies that the class alleged by plaintiffs may be properly certified. Pai denies any remaining allegations in this paragraph.

987. Pai admits that the members of the alleged class are numerous, but Pai denies the remaining allegations in the first sentence in paragraph 987 and denies that the class alleged by plaintiffs may be properly certified. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the second sentence in paragraph 987.

988. Pai denies the allegations in paragraph 988.

989. Pai admits that the Court has appointed lead counsel to represent plaintiffs. Pai denies the remaining allegations in paragraph 989.

990. Pai denies that the class action alleged by plaintiffs would be superior to all other available methods for the fair and efficient adjudication of this controversy. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 990.

991. The allegations in paragraph 991 state legal conclusions to which Pai need not respond. To the extent paragraph 991 contains factual allegations, Pai denies that common questions of law and fact predominate over any questions which may affect only individual members as to the claims against him, and otherwise lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 991.

992. In response to the allegations in paragraph 992, Pai incorporates by reference his responses to paragraphs 1-991.



993. Pai admits that plaintiffs purport to bring claims against the defendants listed in this paragraph, but denies that plaintiffs have any valid claims, and lacks knowledge or information sufficient to form a belief as to the remaining allegations in paragraph 993.

994. Pai denies the allegations in paragraph 994.

995. Pai denies the allegations in paragraph 995.

995.1. Pai lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 995.1.

996. Pai denies the allegations in paragraph 996.

997. Pai denies the allegations in paragraph 997.

998. In response to the allegations in paragraph 998, Pai incorporates by reference his responses to paragraphs 1-997.

999. Pai admits that plaintiffs purport to bring claims against the so-called Enron Defendants who sold stock during the Class Period, but denies that plaintiffs have any valid claims.

1000. Pai admits that plaintiffs purport to bring claims as detailed in Exhibit A, but Pai denies that plaintiffs have any valid claims. Pai lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in this paragraph or Exhibit A.

1001. Pai denies the allegations in paragraph 1001.

1002. Pai denies the allegations in paragraph 1002.

1003. Pai denies the allegations in paragraph 1003.

1004. Pai denies the allegations in paragraph 1004.

1005-1016.28.      Pai is not named as a defendant with regard to these claims for relief, and is therefore not required to respond to the allegations in these paragraphs.

### **Affirmative Defenses**

Without conceding that the following are in fact affirmative defenses or that Pai has the burden of proof on the following, Pai pleads as follows:

1.      The Amended Complaint, in whole or in part, fails to state a claim upon which relief may be granted.
2.      Plaintiffs' claims are barred, in whole or in part, by the statute of limitations.
3.      Plaintiffs, by their acts, omissions and conduct, have waived, in whole or in part, their right to obtain the relief sought in the Amended Complaint.
4.      Plaintiffs, by their acts, omissions and conduct, are estopped, in whole or in part, from obtaining the relief sought in the Amended Complaint.
5.      Plaintiffs lack standing to bring the causes of action asserted in the Amended Complaint.
6.      Plaintiffs have failed to fulfill their duty to mitigate, reduce or otherwise avoid their alleged damages and are therefore barred from recovery.
7.      Plaintiffs' claims against Pai are barred because Pai did not directly or proximately cause or contribute to any damage, loss or injury sustained by plaintiffs.
8.      Plaintiffs' claims against Pai are barred because Pai's actions or inactions were not the sole or partial cause of any decision by any plaintiffs to purchase or sell Enron securities.

9. Any damage, loss or liability allegedly sustained by plaintiffs must be diminished or eliminated in proportion to the wrongful or negligent conduct of entities or individuals other than Pai under the principles of equitable allocation, recoupment, set-off, proportionate responsibility, and comparative fault.

10. Plaintiffs' damages, if any, resulted from the acts or omissions of third parties or other defendants over whom Pai had no control. The acts of such third parties or defendants constitute intervening or superseding causes of the harm, if any, suffered by plaintiffs.

11. Plaintiffs' claims are barred, in whole or in part, by their reliance on alleged conduct before the beginning of the Class Period.

12. Plaintiffs have failed to join necessary and indispensable parties.

13. Plaintiffs' claims against Pai are barred, in whole or in part, because they assumed the risks disclosed in Enron's public disclosures and those risks caused plaintiff's losses, if any.

14. Plaintiffs' claims are barred, in whole or in part, by plaintiffs' own negligence.

15. Plaintiffs' claims against Pai are barred because, at the time plaintiffs acquired shares of Enron stock, they had actual or constructive knowledge of the alleged omissions or misstatements.

16. Plaintiffs' claims against Pai are barred because Pai at all times acted with reasonable care and diligence with respect to the matters plaintiffs now contend were misrepresented by, or omitted from, Enron's public filings and public statements.

17. Plaintiffs' claims are barred because they have failed to allege facts showing that Pai acted with the requisite scienter.

18. In his work for Enron, Pai was entitled to and did reasonably rely on the work, conclusions and advice provided by accountants and attorneys for Enron. As a result of that reasonable reliance, Pai did not know, in the exercise of reasonable diligence could not have known, and had no reasonable grounds to believe that Enron's public filings contained material misrepresentations and omissions.

19. When plaintiffs purchased their Enron securities, the total mix of information in the market disclosed the truth about Enron such that the price of the securities plaintiffs purchased reflected the effect of the transactions and events plaintiffs contend were concealed or misrepresented.

20. Any recovery for damages allegedly incurred by plaintiffs is subject to offset in the amount of any tax benefit actually received by plaintiffs through their investments.

21. Pai is not liable under Section 20A of the 1934 Securities Act because plaintiffs have failed to plead and cannot prove that they traded on the same day as, and therefore contemporaneously with, Pai.

22. Pai is not liable for alleged untrue statements of material fact, omissions of material fact, misleading statements or other challenged statements that fall within the Safe Harbor provisions of the PSLRA.

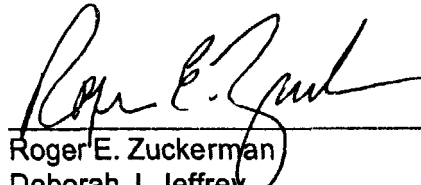
23. Pai adopts and incorporates by reference any other defenses asserted by any of the other defendants to the extent that Pai may share in such a defense.

24. The lack of particularity in the Amended Complaint makes it impossible for Pai to determine at this time what additional defenses he may have. Pai reserves the right to assert all applicable defenses once the precise nature of the relevant circumstances or events is revealed through discovery.

WHEREFORE, Defendant Lou L. Pai respectfully requests that the Court dismiss plaintiffs' claims with prejudice and enter judgment that plaintiffs take nothing on their claims; that the Court award Pai taxable costs of Court; and that the Court grant Pai such other and further relief to which he may be justly entitled.

Respectfully submitted,

By:



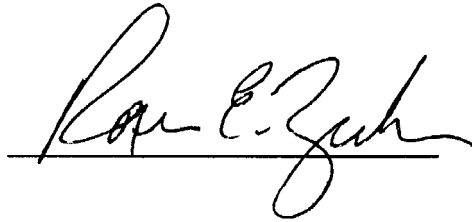
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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a copy of the foregoing Defendant Lou L. Pai's Answer to Plaintiffs' First Amended Consolidated Complaint was served on all counsel of record on the Service List on June 18, 2003, via posting to www.esl3624.com in compliance with the Court's Order Regarding Service of Papers and Notice of Hearings Via Independent Website.

A handwritten signature in black ink, appearing to read "Ron E. Zuh", is written over a horizontal line.